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THE PROBLEM OF THE FAR EAST



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THE PROBLEM OF THE FAR EAST

by

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"To centralize wealth is to disperse the people,
to distribute wealth is to collect the people."

Great Learning, Ch. xv. 9.



CONTENTS

| | |
|---|--------|
| <i>Preface</i> | page 9 |
| <i>Geographical and Historical Introduction</i> | 13 |
| Survey of the Far East—China, an historical survey— Japan, an historical survey—Historical significance of Siberia. | |

PART I MODERN JAPAN

| | |
|--|-----|
| <i>Chapter I.</i> | 37 |
| General survey of social, political, and economic develop- ment from the Meiji restoration (1868) to 1890. | |
| <i>Chapter II.</i> | 47 |
| Political institutions : The Constitution—Government, national, local, colonial—the judicial system—party system—the civil service—political sentiments. | |
| <i>Chapter III.</i> | 132 |
| Economic institutions : industry—commerce and foreign trade—public finance—banking and trusts—economic outlook. | |
| <i>Chapter IV.</i> | 175 |
| Labour and Socialist movements : the Trade Union movement—the Socialist movement. | |
| <i>Chapter V.</i> | 199 |
| General social conditions : the family—education— daily life. | |
| <i>Chapter VI.</i> | 207 |
| Problems of modern Japan. | |

PART II MODERN CHINA

| | |
|---|-----|
| <i>Chapter VII.</i> | 221 |
| Historical survey from the fall of the Manchus to the present day. | |

| | |
|---|-----------------|
| <i>Chapter VIII.</i> | <i>page</i> 229 |
| Political institutions: the constitution of the Nanking government—local government—politics and administration—international rights in China—political sentiments. | |
| <i>Chapter IX.</i> | 254 |
| Economic institutions: industry—commerce and foreign trade—finance and banking—the guild system. | |
| <i>Chapter X.</i> | 273 |
| Labour and Socialist movements: the Trade Union movement—the Socialist movement. | |
| <i>Chapter XI.</i> | 280 |
| Social conditions: Chinese customs in general—social thought. | |
| <i>Chapter XII.</i> | 287 |
| Problems of modern China. | |

PART III

INTERNATIONAL RELATIONS IN THE FAR EAST

| | |
|--|-----|
| <i>Chapter XIII.</i> | 297 |
| Relations between Japan and China. | |
| <i>Chapter XIV.</i> | 306 |
| International relations in the Far East—especially with Soviet Russia. | |
| <i>Chapter XV.</i> | 316 |
| International relations between the Far Eastern countries and the Western world. France—Germany—Great Britain—U.S.A.—general phases. | |
| <i>Chapter XVI.</i> | 329 |
| The Problem of the Far East. | |
| <i>Selected Bibliography</i> | 339 |
| <i>Index</i> | 343 |

PREFACE

THE FAR EAST is not an old but a new world. The problems it faces at present constitute a new phase in social development evolved from the impact of tradition and modern rationalization. Personal as well as impersonal factors are intermingled in its present driving forces which are based partly upon a revolutionizing East and partly upon Eastern revolt against Western imperialist policies. The problem of the Far East arises from the economic distress of Japan and the political and economic subjugation of China. The former has chosen policies of nineteenth century imperialism as a solution of her internal difficulties, whilst China has passively resisted both Eastern and Western imperialism by means of skilful diplomacy and an intolerant nationalism.

The creation of the League of the seventy-odd sovereign states of the world has not altogether made for the freedom of the Eastern nations but rather has driven them into a position in which their hope of liberal emancipation appears doomed. The liberalism of the great Western Powers is limited by their desire to set up a *status quo* peace which will allow them to continue to accumulate wealth from the natural resources or personal efforts of the coloured populations. Indeed, as we drive our argument to the root of the facts of international treaties in force to-day, the dynamic motive is seen to be nothing but the establishment of an international balance of power through collective guarantees in order to check the aggression of one Power against another.

On the other hand, the progress of democracy all over the world came to a halt in 1933, when the accumulation of national wealth, as a result of "systematized" capitalism

and the driving force of *laissez-faire* economics, reached its limits so that the acquisitive impulse and the protective instinct coalesced in conservatism. The paradox of over-production allied to the impossibility of effective capitalist rationalization brought about increased unemployment and destitution. The post-war economic readjustments within one decade have revealed the difficulties of attaining an equilibrium between the collective prosperity of trusts and combines and the poverty of agricultural communities.

Since the world war the Western Powers have lost their free open markets, while the rise of new countries of a lower standard of living in the international trade field has upset the long-established routine and technique of free trade, causing a reversion to artificial trade protection by all highly industrialized countries. In the frustration of capitalist practices no room is left for international economic co-operation since the narrow scope of goodwill limits the extent of collaboration among the sovereign states. The jealousies and suspicions in present-day nationalism are only reflections of our social dynamics which are permeated with a competitive complex as a result of the acquisitive sense nurtured by capitalism. With such enmities existing, no genuine social reconstruction can initiate a lasting world peace. Any "real revolution" of the competitive mind must have as a prelude a "formal revolution" by means of which the co-operative mind will be free to plan a complete programme of social reconstruction.

With the Far East now struggling beneath the impact of a descending capitalism, China endeavours to emancipate herself from imperialist enslavement, whilst Japan works to attain security and promotion of her own existence on a higher standard of living. The relationships between the East and the West have been those of subordination and imperialism in which the Westerners' temper of superiority has provoked an Eastern inferiority complex, expressing itself in diffuse resistance compound of chicanery and force. Whether or not reason is to be given priority to force, it is clear that without the aid of a creative democracy evolved

from a harmonious synthesis of reason and force, nations must remain blind to the vainglory of imperialism. In this connection it must be emphasized that the foundation of the fashionable fascisms is force, and that there can be no true justice, equality, or liberty in a society which is class-interested and partial. Fascism has developed as a means of maintaining a static capitalist prosperity for the ruling classes.

The Far East, still only semi-capitalistic, is able to offer a better solution of its new problems—not the mirage of some modern utopia, but the reality of a planned and rationalized socialist world state. The peace of the Far East is not the responsibility of Asia alone, but of the entire world. This work aims to present the present problems of this region. Since the Far East, especially China, is changing practically every day, attention has been confined to events occurring up to the end of 1934.

Thanks are due to friends in China and Japan for furnishing valuable information, and to Miss Gertrude Wellington who assisted in the compilation of the manuscript.

January, 1935.
Tokyo, Japan.

S. M.
H. V. R.

GEOGRAPHICAL AND HISTORICAL INTRODUCTION

Survey of the Far East. The large amount of undeveloped natural resources and the ample reserves of the human forces of labour and brain have constituted, and will continue to constitute, the new Far Eastern problem in world affairs, whether they are used for the service of the capitalist aim or for the creation of a new social order. The area of the Far East consists of Japan, China and Siberia, amounting to 10,337,640 square miles, covering 20 per cent of the land area of the world and 63 per cent of the continent of Asia. It has a population of 569,969,000 ; i.e. 28 per cent of the world population and 51 per cent of that of the Asiatic continent.¹

| CHINA: | Area | Population | Density |
|--------------|-----------------|-------------------|----------------|
| China Proper | 1,532,800 s.m. | 419,643,373 | 266 per 1 s.m. |
| Manchuria | 442,627 | 33,697,920 | 76.2 |
| Mongolia | 1,367,953 | 1,800,000 | 1.3 |
| Sinkiang | 550,579 | 2,519,579 | 4.5 |
| Tibet | 700,000 | 3,000,000 | 4.2 |
| <hr/> Total | <hr/> 4,593,959 | <hr/> 460,660,872 | <hr/> 100.3 |

| JAPAN: | | | |
|-------------------------------|---------------|------------------|----------------|
| Japan Proper | 147,641 s.m. | 64,450,005 | 436 per 1 s.m. |
| Korea | 85,228 | 21,058,305 | 247 |
| Formosa | 13,889 | 4,592,537 | 330 |
| Sakhalin | 12,024 | 295,196 | 24 |
| Kwantung Leased Territory | 1,438 | 1,328,011 | 923 |
| South Sea Mandatory Territory | 960 | 69,627 | 72 |
| <hr/> Total | <hr/> 261,180 | <hr/> 91,793,681 | <hr/> 313 |

¹ *League of Nations, Statistical Year Book, 1931-1932, Geneva, 1932, pp. 19-23. Japan Year Book, 1929, 1933 ; China Year Book, 1932, 1933 ; Soviet Union Year Book, 1926, 1930 ; Statesman's Year Book, 1933-34.*

| SIBERIA: | Area | Population | Density |
|--------------------|-------------------|-------------------|---------------|
| Kazak | 3,039,001 s.km. | 6,163,172 | 2 per 1 s.km. |
| Turkmen | 491,216 | 1,137,900 | 2 |
| Uzbek | 340,346 | 4,685,400 | 14 |
| Tazhik | 145,100 | 1,174,100 | 8 |
| Far Eastern Region | 2,333,500 | 1,593,400 | 7 |
| Yakutsk | 4,023,300 | 308,400 | 0.07 |
| Buriat-Mongolia | 389,100 | 575,000 | 7.5 |
| Western Siberia | 1,304,800 | 8,767,200 | 6.6 |
| Eastern Siberia | 3,179,400 | 2,568,400 | 0.8 |
| <i>Total</i> | <i>15,245,763</i> | <i>26,972,972</i> | <i>1.7</i> |

The economic resources in the Far East lie in the vast continental areas, China and Siberia, which require the constructive planning of industrial rationalization and efficiency in the use of capital and brains. Insular Japan, however, is so poorly equipped in natural resources, except those of surplus labour and brains, that without free access to the material supplies of her neighbours there is no possibility of her complete industrialization being achieved.

In the table on pp. 16-19 is the economic geography of the Far East.

China, an Historical Survey. Historians describe the original Chinese as constituting an "agricultural patriarchal co-operative society" under benevolent dynasties of "heroes of culture." Land economy was the basis of productive resources upon which the country's material civilization was founded and upon which the people's culture and wisdom depended. This physiocratic economy led to the establishment of the self-governing guild system on the one hand, and to patriarchal family conservatism on the other.

The conquest of nature came to a halt at the stage of agrarian co-operative patriarchal peasant, and rural artisan, guilds. The benevolent despotism of Yü, traditionally regarded as the "Son of Heaven," and of the T'ang dynasty, with the ideal of the generosity of true kingship,

from 2205 to 1154 B.C., founded Chinese civilization to which the conventionalization of the culture of the great Chou Dynasty (1150-249 B.C.) in its first period (1150-750 B.C.) gave the flavour of an oriental humanitarian democracy with freedom of speech and a variety of state socialist experiments under the growing solidarity of the mandariate.

During the long reign of the Chou Dynasty, the opening of the era of Chinese feudalism saw the periods of territorial expansion and also that of the Great Sages (750-250 B.C.) when the Chinese philosophical ethics were evolved to form the code of private and public morality. The philosophical imperative of Confucius and the democratic ethics and politics of Mencius laid the foundations of the Chinese code of politico-morals in accordance with the laws of the benevolent king. The only resistance to this code was offered by the anarchism of Lao Tsu, which was merely sophistic speculation evolved from the subtleties of Eastern wisdom.

The great Ch'in Shih Huang Ti, first Emperor of the Ch'in Dynasty (249-210 B.C.), began the unification of all China, the greatest imperialist experiment ever accomplished in the Far East. The ultimate failure of the Ch'in and the rise of the Han Dynasty (206 B.C.-220 A.D.) brought a consolidation in the governmental administration and social peace and order which produced a revival of learning as well as the introduction of Buddhism about 67 A.D. The Age of Romance, from 220 to 618 A.D., was the result of the collapse of the ancient imperialist Han Empire. In this period the heroic feudalism of "The Story of the Three Kingdoms" developed. This chivalrous feudalism—which may be contrasted with the material influences operating in the development of the Japanese "Bushido" code of knighthood—paved the way for the feudal militarism which has dominated China until the present century. The Augustan Era in Chinese history was that of the T'ang Dynasty (618-905 A.D.), which reigned over a territory extending from the western borders of India

TABLE OF ECONOMIC GEOGRAPHY OF THE FAR EAST

CHINA:

| | | | | |
|--------------------|--|--|---|---|
| NORTH CHINA : | rice, wheat, tea, silk, cotton, eggs, tobacco, ground-nut, kaoliang, sesame, ramie, jute, barley, maize, millet, beans | coal, iron, gold, sulphur, pottery-clay, lime-stone | hide, fur, skins, bone, wool, cattle | cotton-yarn |
| CENTRAL CHINA : | rice, wheat, tea, silk, cotton, eggs, tobacco, ground-nut, ramie, sesame, vegetable-oil, medical-plant | coal, iron, tin, gold, molyb- denum, silver, tungsten, manganese, zinc, lead, salt, antimony, petroleum | hide, bristles, timber | cotton-yarn, flour, pig-iron, steel |
| SOUTH CHINA : | tea, silk, spice, tobacco, ground-nut, wax, lac, camphor, sesame, anise, ramie | copper, tin, zinc, lead, molyb- denum, salt, tungsten, antimony, manganese, petroleum | fresh fish, fish, timber | vermicelli, macaroni |

MANCHURIA : soya-bean, cotton, silk,
tussah-silk, rice, ginseng,
beet-sugar, maize, millet,
wheat
iron, gold, coal,
lead, oil-shale,
manganese,
copper,
magnesite,
graphite
fresh-
water
fish,
cattle,
fur
pine,
spruce,
birch,
oak,
ash,
elm,
willow
silk, textiles, cotton-spinning,
hemp, woollen goods,
metal-machine-works,
chemical manufactures,
bean-oil, bean-cake, paint,
ceramics, pottery, glass,
paper, dye-stuffs, flour,
sugar-beet, fertilizer

hide, sheep,
fur, goats,
wool, pigs

gold

MONGOLIA : wheat, millet

hide, wool

gold

SINKIANG : silk, cotton

sheep, yaks,
buffaloes, pigs,
camels

gold, borax,
salt

YINER : barley, pulse, peaches,
grapes

JAPAN:

| | | | | |
|--------------------------------------|--|--|----------------------------|--|
| NORTH JAPAN : | wheat, oats, rye, flax, hemp | coal, iron, gold, petroleum | fish, cattle, timber | paper |
| CENTRAL JAPAN : | silk, rice, tea, wheat, barley, beans, apples, cherries, asparagus, onions, cabbages, sweet potatoes, flax | copper, gold, sulphur, silver, iron, lead, zinc, tin, aluminium, coal, lignite, salt, petroleum, phosphate | fish, timber | textile machinery and tools, foods, drinks, chemical products, silk, silk goods, cotton goods, woollen materials, hemp, jute, ramie, flax goods, machine equip- ment, shipbuilding, ceramics, paper, glass-ware, pulp, matches, rubber, rayon, flour, sugar |
| SOUTH JAPAN : | silk, rice, wheat | coal, gold, iron, copper | fish | |
| KOREA : | rice, wheat, barley, soya-bean, cotton, silk, ginseng, tobacco | gold, silver, iron, copper, coal, magnesite | fish, timber, cattle | |
| FORMOSA : | camphor, rice, sweet potato, sugar-cane, tobacco, jute, ramie, tea, pea-nut, banana | salt, gold, coal, petroleum, copper | | |
| KWANTUNG LEASED TERRITORY : | maize, pea-nut, hemp, silk, tussah-silk | | fish | flour-milling, cotton-spinning, rice-cleaning, saw-milling |
| SOUTH SEA MANDATED TERRITORY : | sugar-cane, copra | phosphate-rock | | |

SIBERIA :

| KAZAK : | agricultural products, fruits | metals | fish |
|-----------------------------|-------------------------------------|---|---|
| TURKMEN : | cotton | oxokerite, oil, sulphate, common salt, sulphur | wool, astrakhan- fur carpets |
| UZBEK : | cotton, silk, fruits | | cotton-spinning, oil- and coal-mining |
| TAZHIK : | | gold, oil, coal | |
| FAR- EASTERN REGION : | wheat, barley, oats, rye, potato | gold, copper, coal, lead, zinc, asbestos | fur, cattle, fish, timber butter, wood-work, flour-milling |
| YAKUTSK : | | gold, silver, lead, coal, salt | fur, fish |
| BURIAT- MONGOL : | wheat, barley, oats, rye, potato | metals | cattle leather, glass |
| WESTERN SIBERIA : | wheat, barley, oats, rye, potato | metals | |
| EASTERN SIBERIA : | wheat | gold, coal, iron, copper | timber, cattle, fish, fur |

and Persia to Turkestan and the land of the Mongol tribes.

The downfall of the T'ang Empire was due to the fruition of Buddhism, Mohammedanism and Christianity, conflicts between which and with orthodox Chinese ethics led to intolerance and finally provoked religious persecutions. The bureaucracy of the centralized government of the T'ang, with its special features of rotation of office and open examination for recruitment, presented the model for the Chinese mandarin administration. The weaknesses of the T'ang Dynasty, however, became manifest in the interval which followed the period of the Five Little Dynasties (900-960 A.D.), and it was not until the time of the Sung (960-1279 A.D.) that there was a re-consolidation of territorial and cultural unity.

In contact with Japan and Korea in the East, Europe in the West, and India in the South-West, the T'ang Empire and the succeeding Sung Dynasties materially and culturally dominated the greater part of the Asiatic continent under the autocratic bureaucracy of the Chinese imperial rulers and, animated with pride in the supremacy of the Chinese race, the celestial Empire brilliantly withstood the invasions of neighbours such as the Tartars in the Yangtse Valley and the Mongols in the north, who were regarded as barbarians. Nevertheless, the strength of the autocratic-centralized politico-economy of the Sung was finally destroyed by the conquest of the Great Khan.

From the time of the Mongol supremacy China readily fell prey to the imperialism of the West. The restoration of the Ming Dynasty (1368-1644 A.D.) produced a political renaissance, evidenced in the compilation of the code of the Great Ming and the establishment of such cultural services as public schools and libraries, and the encouragement of the arts and industries. In the fifties of the sixteenth century, the Japanese Korean Expedition, under Hideyoshi, was attempted in retaliation for the former attacks of the fleet of Kublai Khan. The Ming fell finally as a

result of the rising power of the northern Manchus (1614-1912), under whose centralized mandarin China was governed for three hundred years, its prosperity ebbing and flowing, until the abdication of the Emperor Hsuan Tung, now Emperor Kangte of Manchoukuo. The *morasmus senilis* of the Manchu mandarin and the success of the Revolution of 1911 gave birth to the modern phase, that of the Republic of China.

The zenith and decline of Chinese dynasties are nothing more than the top and bottom of feudal political waves. When on the crest of such waves, China passively received the Western impact of canonist mercantilism of the fifteenth century, and when on the ebb, she aggressively faced imperialism by insurrections such as the Opium War of 1840 between the Manchu Government and Britain at Hong Kong. The Treaty of Nanking in 1841 can be said to mark the final subjection of China to imperialist power.

So far as international affairs are concerned, China has been the pivot by which Western nations have drawn their imperialist cord about the Far East. Great Britain established her power effectively at points along the great Yangtse River and in Yunnan and Tibet. Russia planted her posts on the Manchurian, Mongolian, and Turkestan borders. France occupied Indo-China, and Germany laid her bases for expansion from the Shantung Peninsula inland through Shansi. Japan, then a new imperialist country, attempted to obtain similar advantages soon after her victory in the Sino-Japanese War of 1894-5.

Japan, an Historical Survey. The Land of the Rising Sun belongs to a compound of various races from the northern Mongols to a southern mixture of Malay and Polynesian elements, with a Caucasian strain from the aboriginal Ainus. The mythology of the divine origin of the Japanese vested in Amaterasuomikami, the Sun-Goddess, has been recorded in the ancient historical writings, which tell of the Yamato Clan's gradual rise to

supreme authority over all other inhabitants.¹ In 660 B.C. the Japanese Empire is said to have been founded by the Emperor Jimmu who inaugurated it as a patriarchal empire after his conquest of the Japanese isles. In ancient times there existed a dual social system based on the "Uji" (clan), with its "Uji-no-Kami" (clan-chieftain) on the one hand, and the "Be" (guild, and later corporate individual) on the other. The "Be," as a social class, gradually became divided into two; the "Ryomin" (good people) consisting of free members of the guilds, and the "Semmin" (base people) including those of the lower grades of guilds, and slaves. The latter institution lasted through several centuries until the time of feudalism.

Though the scope of its rule was limited to the estates of the reigning clan and those subject to it, the monarchy passed through a stage of patriarchal confederated kingdoms lasting more than a thousand years before the creation of the body politic system by the Regent Shotoku (604 A.D.). The expedition of the Empress Jingo to Korea, about 360 A.D. (contact between Korea and Japan commenced in the first century), had put Korea in the position of a protectorate of both China and Japan. This led to the introduction of Chinese culture and the gradual formulation of the celebrated "Seventeen Articles" of Shotoku Taishi in 604 A.D. as a result of his creative adaptation of Confucian and Buddhist philosophies.

The complete remodelling of the centralized, hereditary, absolute kingship and bureaucracy of the T'ang and Sung Dynasties of China into the Japanese hereditary monarchy of prestige, and the moral and philosophical adoption in Japan of Buddhism and Confucianism as guides for the

¹ Sources of Japanese mythology in the prehistoric period are rather scarce, but are found in the remaining works of the "Katari-be" (raconteurs) who were like the rhapsodists of ancient Greece. The real historical records were those kept in the seventh century through the encouragement of the intellectual father of Japan, Shotoku Taishi: the *Tenno-ki* (Record of the Emperors), the *Ko-ki* (Record of the Country), the *Koji-ki* (Record of Ancient Times) and the *Nihon-Shoki* (Chronicles of Japan).

ruler, by selection and assimilation, laid the foundations of Japanese polity which survive to this day. By the Taikwa Great Reform of 646 A.D. and the Code of Taiho of 701-704, the Japanese bureaucracy, composed of an aristocracy in close relationship with the monarch, was established on a permanent basis and provided with institutional machinery to guarantee efficient administration.¹

The Japanese nation, socially, culturally and economically, as well as politically, has exhibited a strong impulse to secure the best of human inventive achievements. Thus the study of Buddhist theology and Confucian philosophy tended to encourage in the people regard for the Throne and authority rather than heresy or paganism. In the course of such adoption and digestion of Chinese and Indian philosophies and religions, as well as art and architectural forms, the new Nara Era (710-782) proved to be "acquisitive," the flourishing early Heian Era "assimilative" and the prosperous later Heian Era "selective."² The amazing susceptibility and imagination shown by the Japanese in the adoption and improvement of foreign culture has constantly led to creative if complex compromises between alien and native standards of civilization. One of the most important of these cultural evolutions was that of the *kana* syllabary, a series of makeshift devices for overcoming the difficulty of adapting Chinese characters to Japanese words. The various *kana*, of which *kata kana* is the simplest, were selections of monosyllabic Chinese characters which were reserved for purely phonetic use.

The rule of the monarchical aristocracy was nothing but the regency of an aristocratic family, the Fujiwara, under

¹ Japanese Government Organization under the Edict of Taiho :

| | | | |
|------------|--------------------------|---|------------------------------------|
| Chancellor | Minister of the Left | { | Ministry of the Central Office |
| | | | Ministry of Ceremonies |
| | | | Ministry of Civil Affairs |
| | | | Ministry of War |
| | Minister of the Right | | Ministry of Justice |
| | | | Ministry of the Imperial Household |
| | | | National Treasury |

² The Heian period commenced in 782 A.D. and ended in 1068.

the divine sovereignty of the Emperor. The politics of this aristocracy were of the court, resolving themselves into a series of conflicts and intrigues amongst the courtiers. The aristocratic patriarchal politics gradually evolved a patriarchal property-based community from the system of bureaucracy and the establishment of the laws of property. The renaissance of Buddhism produced genius among the priesthood, as exemplified by Saicho, and Kukai. To the same period belongs the literary novelist, Murasaki Shikibu, a court lady, as well as a number of other creative artists, artisans and printers. It can be justly said that in this Fujiwara period Japanese standards of civilization were definitely taking root.

The decadence of the court and the economic stagnation of the Fujiwara financial policies, with the increase of the tax-free estates, "Shoen" and monasteries, gave rise to a period of feudal aristocracy in the latter part of the twelfth century. The Heike and the Genji were representative bodies of the imperial guard, and the political ambitions of the warriors of the Taira (supporters of the former) and the Minamoto (supporters of the latter) families caused the feudal wars which had as their object the securing of the title of "Sei Tai Shogun" (Imperial Commander-in-Chief). The inability of the Fujiwara family to control court dissensions terminated the monarchical phase in Japan, with a short interval of the feudal court rule under the Taira, and opened the seven hundred year period of monarchical feudalism, beginning with Yoritomo Minamoto, who founded the Bakufu Government at Kamakura in 1185. The military politics of feudalism, as under the monarchical aristocracy, aimed at securing popularity amongst the lords or vassals through the political and military supremacy of the Shogun and his successful management of feudal economy. The system of the Bakufu Government was based on three chief organs under the Shogun dictatorship: the military board (samurai dokoro), the administrative board (mando dokoro) and the judicial board (monchu dokoro).

Japanese feudalism had a certain particularity in the patriarchal influence of sacrifice and loyalty, but it was fundamentally dependent upon the contract theory in principle. The Japanese institutional relation between vassal and lord inclined towards that of continental feudalism rather than that of English feudalism.

The Hojo Regency of the Kamakura Bakufu is a typical example of the power of the prestige theory in feudal politics. The feudal culture gave shape to a Buddhist creative survival in such sects as "Nembutsu" which followed and popularized the principles of Honen Shonin and Shinran Shonin. At the same time, the religious sensibilities of the superstitious feudal folk were dominated by the positive and vigorous preaching of Nichiren, and the meditative enlightenment of "Zen."¹

The successful repulsion by the Japanese samurai of the Mongol invasion of the northern coast of Kyushu strengthened belief in the value of *Bushido*, and in the divinity of the Japanese nation, since it was by a fateful wind that the Mongol fleet was dispersed. The downfall of the Hojo feudal regency produced an interval of feudal wars which terminated in the establishment of the Ashikaga Shogunate in 1332.

Foreign contact of a private character began in this period, when merchant adventurers set forth in ships of "a thousand koku," from thriving towns such as Sakai (Osaka), for the coast of China and the near seas. Feudal mercantilism gradually became organized in the shape of guilds, and charter grants were obtained by cities during the Ashikaga period, the "Za" being a group of traders in a certain locality, similar in some respects, to the Hansa of Europe.

¹ The principles of "Nembutsu," as a creative Buddhist sect in Japan, are in the Mahayana (Esoteric) Buddhism, which popularizes Amida's perfection and secularizes the monastic conduct. Zen, in its genuine forms, displays a characteristic reaction of matter-of-fact Chinese and Japanese minds to the transcendental flights of Indian philosophy. Zen allowed mystic suggestion to influence personal conduct and experience, and thus left room for a practical code of social ethics. There is noticeable here a sort of synthesis of Buddhist, Confucian and Taoist doctrine.

Thus, the merchants and the money-lenders of the towns squeezed the wealth of the farming class into their own treasuries. After a revolt of the farmers, the *Tokusei Edict* declared the cancellation of debts. This was a customary remedy in times of economic distress.

The Higashiyama culture of the Ashikaga period gradually culminated in Hideyoshi Toyotomi's political genius after the fall of the Shogun Nobunaga Oda. His tolerant and cosmopolitan temperament gave rise to the elegance of the Momoyama period (1534-82), while his administrative ability finally caused him to attempt the conquest of China through Korea. During this period the Jesuit missionaries were as well received by the feudal lords as the Buddhists had been in the sixth century, and canonist mercantilism followed Christian preaching to the ports of Japan.

The Hideyoshi Regency gave place to the rule of Ieyasu Tokugawa who founded the Tokugawa Bakufu which lasted from 1615 to 1867. During this period Japanese feudalism reached maturity and the Yedo Shogunate became the central and autocratic authority, although it was supposed to be subordinate to the monarch in Kyoto, as the divine symbol of the sovereignty of Japan. The oligarchy of the Yedo Government consisted of a Council of State composed of four or five Elders (Toshiyori), one of whom held the presidency of the Council. Beneath this body were four, five or six Juniors (Waka Doshiyori). Besides these was a Board of Censors (Metsuke) which was an intelligence staff in time of war and a sort of secret service (G.P.U.) of the Bakufu in time of peace. Several Commissioners (Bugyo) acted as administrators and judges of both the central and the local governments. The large and small fiefs throughout the country were replicas of the Shogun government, so that but a narrow popular freedom from authority was enjoyed. The feudal social system set up the supremacy of the samurai by the right of "Kirisute-gomen" (permission to cut down and leave) over the peasant, artisan and merchant grades.

The fear of Jesuit mercantilism found expression in the massacre of Christians after the Shimbara rebellion (1637-38) and ultimately by the adoption of the policy of isolation. The exclusion policy of the Bakufu regarding trade and foreign affairs, and the machiavellian tactics of the central censorial dictatorship, brought about a stationary social peace with an autonomy of the Daimyo domains, and precipitated a gradual deterioration and stagnation of economics with the paralysis of the free distribution of goods and people by artificial legal restraints. The Tokugawa administration was conducted in an atmosphere of suspicion and mistrust, and its aim was mainly to conserve the cardinal power and wealth of the ruling family and its associates, with a rigid class distinction existing between the soldiers and commoners, the social theory of which was derived from the feudal law of social classification whereby the interests of the farmers, craftsmen or townsmen were sacrificed for the benefit of the military class.

Just as in the case of financial difficulties within each Daimyate the attempt had been made to place the burden of debts on the broken-down farming classes, so by the central Tokugawa Government the agricultural economy was torn apart and replaced by the exploitation of the newly rising class of merchants. But the feudal dictatorship did not permit the mercantile economy to develop into prosperity, nor was there any altruistic policy of allowing the merchant adventurers to be free as an aid to national trade, as was the case in Europe. Once mercantile and industrial economics tended to expand, a coinage system was urgently required and a metal currency was introduced about 1600, which by the end of the century had permeated the economic life of the people.

The breakdown of the feudal government and the slow, but inevitable, social revolution were caused, it may be said without hesitation, by the penetration of money economy, side by side with an entire lack of economic planning for the growth and development of commercial or industrial interests, as a result of the exclusion of foreign

trade for more than two hundred years. No one knew then any more than to-day—the way to reorganize the system and even the actual phenomena were scarcely understood by either statesmen or people. But though townsmen, called “Chonin,” in theory might be killed with impunity by any samurai on the slightest provocation, the real power, as to-day, was in their grasp, especially that of brokers or money-lenders. The social disintegration caused by the militarist domination of the feudal system was brought to an end by the greatest social revolution which Japan has ever known, that of 1868, after which there remained of feudal culture merely the legacy of the mediæval art and literature of the Ashikaga period.

There were, however, psychological as well as economic causes for the collapse of the feudal system, the roots of which can be seen as early as the end of the sixteenth century. When feudalism was in decay the code of the feudal law—the “Buke Hatto”—was regarded as a formalization of the conceptions of *Bushido*. Since the feudal structure was open to criticism as the result of various social conditions, a definite philosophical *a priori*ism, by which the conception of loyalty could be inculcated, was required. Gradually, in the course of the seventeenth century, the feudal policy tended to become separate from militarism and grew progressively bureaucratic within its own structural frame. The conflict between the pure ethics of Confucian philosophy and the feudal ideas of loyalty is revealed in the prevalence of the *vendetta*, which was strongly sanctioned by the feudal obligation of loyalty to one's lord. There is, as one example, the famous story of the “Forty-Seven Ronin” and their vengeance upon Lord Kira for the death of their lord, Asano. It is interesting to note that in the peaceful stage of feudalism, the warrior spirit—the old philosophical theory of *Bushido*—merged into a practical ethical code evolved from the disagreements regarding the traditional concepts.

A notable influence on the official philosophy of the Tokugawa Government was exercised by the ancient Chu-Hi (1130–1200 A.D.), a leading figure of the philosophical

renaissance under the Sung Dynasty of China. His philosophy was based on the doctrine of Confucius and Mencius in regard to the innate goodness of man and in support of the Confucian code of sacrifice of the individual interest for the welfare of the State. Though he denied the existence of God or the immortality of the soul, and this belief undoubtedly influenced the minds of many of his fellow countrymen towards agnosticism, as a philosopher he defined "Heaven as the Law," and his "fixation" on inductive logic for the study of the laws of the universe, i.e. the relationship of natural phenomena, had a counterpart in "the relationships between individuals, supreme among which are those of sovereign and subject, parent and child, husband and wife."¹

Rationalizing the dreams of Confucian philosophy into a metaphysical sanction of self-culture, especially of the cardinal conception of loyalty, the Japanese rulers of the Tokugawa age accepted the essence of this moderate, practical and conservative orthodoxy with a disregard for the inevitable evil involved, that of disharmony with the ancient order. The Chu-Hi School became of paramount influence through its chief exponent, Razan Hayashi, who was appointed as an adviser of the Tokugawa Government. It must be understood that "the Japanese have always been more interested in practical ethics than in abstract speculation"² Thus, as a result of academic conflicts as to the interpretation of Chinese philosophy, they formed their practical ethics on existing class divisions and the prevailing conception of social duties, that of the mutual obligation of members of the group to the group morality.

The Bakufu bureaucracy used Chu-Hi Confucianism in order to concentrate the loyalty of the *Bushido* code on the Tokugawa. However, the later developments of Hayashi's ideas, notably attempts to equate the native codes of *Shinto*

¹ Cf. E. D. Thomas : *Chinese Political Thought* (Williams & Norgate, London, 1928), pp. 40-45, 48-53.

² G. B. Sansom : *Japan; A Short Cultural History* (The Cresset Press, London, 1931), p. 494.

and *Odo* to Confucianism, aroused the protests of scholars, while the economic incapacity of the government and the general stagnation of the national life provoked a practical criticism of the régime. It was this joint practical and academic attack which finally brought about the revolution of 1868.

The transformation of a social structure, even a change from one ruler to another on the same social foundation, is a product of economic causes which bring about either a difficulty in government finances, or a desperate struggle of the suffering classes for long-delayed reform of a worn-out government. During the economic crisis in feudal Japan, the currency reform proposals of Hakuseki Arai, the political economy of Shundai Dazai, and the ethico-political philosophies of Sorai Ogyu, Kyuso Muro, and Banzan Kumazawa, were masterpieces of exposition. They demonstrated the facts that the lack of food supply, the inadequate distribution of products, and the inhumanly practised birth control and infanticide caused by the unfree movement of population between the feudal domains, had brought about social stagnation. Nevertheless, the penetrating insight of these intellects failed to see the underlying truth that the wealth of Japan was neither in amount nor in allotment adequate to the demands of the community. Two steps were urgently needed to give any permanent relief, firstly, the adoption of the open door instead of the exclusion policy, and secondly, a total revolution of the social foundation of the feudal state and the establishment of a monarchical state.

From 1853, when Commodore Perry succeeded in concluding the commercial treaty with the Tokugawa Government, until the Meiji Restoration of 1868, Japan faced an upheaval in controversial polemics regarding the open door policy. Thus the dawn of the new capitalist era gave birth to a new constitutional monarchical state based on the model of the defective Western technique, and by the enthusiastic creative efforts of statesmen of the old Court nobility, and the lower-grade though able samurai, a new

Japan was created of which the inspiring symbol was the Emperor's regained power.

As German imperialism just before 1914, preparing to cull the fruits of Bismarkian statesmanship, was followed uncritically by the German people, so in determining the fate of rising Japan, the leaders and the people of the country acted, as in the present day, for the national glory, without a clear understanding of the real conditions faced by every people of the world, irrespective of race or creed.

Historical Significance of Siberia. Siberia has been in contact with neighbouring territories from the beginning of the Christian era. First in date there was on the Chinese side the Hiung-nu Tribes whose territory bounded and menaced all the modern realm of China from Korea to the Pamir, except Tibet and the eighteen provinces. These Hiung-nu nomads knew something of the hunting tribes in occupation of Siberia, but the Chinese knew nothing of them except for the Kirghis to the west, the coast Tunguses, and the Ainus (original Japanēse) to the east. The Hiung-nu swept to and fro then as the roads run now, by the northern route from Tsitsihar, Urga Uliassutai, Ili, and Tashkend ; or from the Yellow River bend north and north-west, to Urga and Uliassutai. The total duration of the Hiung-nu empire, whether united or divided, was from 200 B.C. to 200 A.D. There was also the later empire of the westerly Tunguses, known to China as vassals of the Hiung-nu in 45 A.D. The Tunguses were more successful than the Hiung-nu as a sedentary and civilized people, and their princes administered North China as emperors on a footing of equality with the Chinese of the south, from 380 to 580.

Out of these two previous tribal kingdoms came the Leijens who were crushed by the Turks in company with the Ouigours of the Lake Baikal region. The first stage of his Turkish rule lasted from about the year 560 to 630, when the Chinese overcame these western forces. For fifty years after that, Chinese political influence was dominant

all the way from Korea to the frontiers of Persia¹ ; but still the Chinese had no definite knowledge of what we call Siberia. The Ouigours ruled the west while the Kitans ruled the east of what is now Chinese Mongolia ; the first not going beyond the Kirghis, the second not beyond the Amur and Lake Baikal.

Genghis Khan swept the whole zone between Siberia, Tibet and China. The dominion of the Mongols over Russia, and to a certain extent Hungary, is the first connecting link in the chain ultimately joining western Europe with Kamchatka. The hold of the Mongols weakened over Europe and over Asia simultaneously. In the west the Novgorod Republic developed and in the east China shook herself free. The Mongols of China kept up relations with the Kipchaks (Russians) until their fall in 1368, but the Ming Dynasty had little to do with Manchuria or Mongolia, and even less with the tribes of the western steppes. The Manchus knew of no people farther north than the Kazaks, or the Turkified Kirghis.

In 1465-69, Ivan the Great annexed Novgorod and threw off the Kipchak domination so that the country of Sibir, modern Tobolsk, became almost independent. By the time of Ivan the Terrible (1557) the Sibir people had been compelled to send the usual tribute of minivers and sables. Chinese records say that between 1522 and 1567 the Russians conquered the Khan of Kucheng and removed him to the north of the Altai Mountains, thus bringing themselves into contact with the Mongols and the Eleuths. It was at this time (1579) that the Strogonoff guilds of East Russia engaged the services of Yarmak and his Cossacks to further their interests in the Tartar regions. The Cossacks pushed on to Lake Baikal and received in 1638 their first tea through China. In 1643 the Russians had reached the Sea of Okhotsk. In 1654 they attempted to explore the Sungari, but were routed by the Manchu troops in 1658. By the Treaty of Nerchinsk in 1689, the Russians agreed to abandon Albazin and both banks of the

¹ E. H. Parker : *China* (John Murray, London, 1927), p. 131.

Amur. From that time to 1855 when the Amur was annexed the Russians remained on quiet and inoffensive terms with China, trading only at Kiachta and Tarbagatai. But in 1860, by the Peking Treaty, Russia improved her position and established her dominion over North Manchuria.

Thus have continental China, insular Japan, and northern Siberia faced in their different ways the modern capitalist democracy, either by material advance or by insurrections. The period of the forties and fifties of the nineteenth century was an epochal one in that the Far East opened its doors to the aggressive competition of *laissez-faire* imperialism. In the struggle of the Asiatic races with capitalist usury and its military strength, Japan alone, by the use of imperialist technique, and her knack of adaptability, has secured for herself without internal disturbance a place among the Great Powers. Continental China and Siberia, however, have been the scenes of continual rebellious insurrections, although Siberia in 1917 became emancipated from the Tzar's tyranny as nineteen self-governing provinces of the R.S.F.S.R. a federated section of the U.S.S.R. Emancipation from the Western imperialist dominion of capitalism, spiritually and materially, was, and is, the existing driving force behind Eastern desires which tacitly or openly are revealed in the present-day domestic and foreign policies of the nations concerned.

PART I

MODERN JAPAN

CHAPTER I

GENERAL SURVEY OF SOCIAL, POLITICAL, AND ECONOMIC DEVELOPMENT FROM THE MEIJI RESTORATION (1868) TO 1890

The Meiji Restoration. The dominant diplomacy of the West during the last part of the Tokugawa Era produced among the discontented samurai not merely a sentiment of anti-foreignism but also a realisation of the Shogun's weakness in the presence of Western naval power, while it stimulated a desire to replace the feudal system of dual government by a strong national centralized authority under the Emperor. The desperation, political jealousy and ambition of the court nobles and the so-called "western" clans, revealed in the revolt against the Tokugawa Shogun in 1868, were manifestations of what a Japanese nationalist has called "Nihon Seishin" (the Japanese Spirit).

This revolution, which historians call the Meiji Restoration, took the supreme authority from the Shogun to place it in the centralized national government of the sovereign. It is quite true to say that this change was one of the greatest events in the history of Japan in that it transformed the feudal community into a modern constitutional monarchical state, but in reality the transference of power was nothing but the usual historical process whereby a certain class obtains the upper hand by a successful revolution. A group of ambitious and able people realized the worn-out condition of the Shogun's authority and took the first

opportunity to revolt against it under the sacred banner of the Imperial command. The champions of the Restoration were the Kyoto Court nobles, Tomomi Iwakura, Sanetomo Sanjo, Toshimichi Okubo, and Takamori Saigo of the Satsuma clan, Koin Kido of the Choshu Clan, Shojiro Goto of the Tosa clan, and Tancomi Soyejima of the Hizen clan, who fought under the sacred Imperial flag of the 16-year-old Emperor Mutsuhito,¹ and their achievement was similar to the transference of the ruling power from the Fujiwara aristocratic government to the Yoritomo feudal government at Kamakura seven hundred years before.

Period of Restoration : The period of the Restoration was inaugurated on November 3, 1867, when the 15th Shogun, Keiki Tokugawa, gave up his title. The Emperor Mutsuhito then established the direct Imperial Government on January 16, 1868. Seven Departments of administration were formed : (1) Shinto, (2) Home Affairs, (3) Foreign Affairs, (4) Army and Navy, (5) Finance, (6) Justice and (7) Legislation, each headed by a Prince of royal blood, a Court noble (Kuge) or a *Gijo* or *Sanjo*.² At the same time a Presidential Board was created from among the heads of the seven departments to formulate a unified policy. The judicial administration was carried out entirely by the Department of Justice.

One of the most important Imperial Charters which characterizes the Meiji Era and the transition from the feudal to modern constitutional government was the "Imperial Charter Oath" promulgated in the year 1868. This oath proclaimed that the Emperor promised his subjects to set up a constitutional government which would transfer the basis of society to a constitutional democracy.

¹ It is the Japanese custom to give to the reign of an Emperor, at the time of his accession, a symbolic name, by which he is afterwards generally known. That part of Emperor Mutsuhito's reign from the restoration (1868) to his death in 1911 is known as Meiji (Great Enlightenment).

² *Gijo* were higher, and *Sanjo* lower, councillors of the Emperor. Ten *Gijo*, twenty *Sanjo*, and the President (*Sosai*) composed the council which was provisionally established in 1867 and subsequently retained.

It stated that "high and low shall be of one mind," and "social order shall thereby be perfectly maintained." It added: "it is necessary that the civil and military powers be concentrated in a single whole, the rights of all classes be assured, and the national mind be completely satisfied." It also stated that "uncivilized customs of former times shall be broken through; the impartiality and justice displayed in the workings of Nature be adopted as a basis of action," and "intellect and learning shall be sought for throughout the world, in order to establish the foundation of the Empire." The Emperor promised that the faithful execution of the articles of the Oath had been "made the object of the constitution." The oath in its "new form" reads as follows:

"I. An assembly widely convoked shall be established, and thus great stress shall be laid upon political opinion. II. The welfare of the whole nation shall be promoted by the everlasting efforts of both the governing and the governed classes. III. All subjects, civil and military officials, as well as other people shall do their best and never grow weary in accomplishing their legitimate purposes. IV. All absurd usages shall be abandoned; justice and righteousness shall regulate all actions. V. Knowledge shall be sought all over the world, and thus shall be strengthened the foundations of the Imperial polity."¹

In the same year the so-called "new constitution" gave a new title *Dajokwan* (Council of State) to the administrative organ. The *Dajokwan* included a council of two Houses, and a group of government departments. The *Gijo* and *Sanyo* constituted a single Upper House in which the whole power of the government was vested and which submitted administrative matters for deliberation to the Lower House. The Lower House consisted of *Daimyo* and *Samurai*. According to Article 5 of the "new constitution," "the object of establishing" this "deliberative body is to

¹ W. W. McLaren, "Japanese Government Documents," *Transactions of Asiatic Society of Japan*, XLII, Part 1, Tokyo, 1914, p. 8.

obtain open discussion and the opinion of the majority" among the ruling classes. The administrative departments were reduced to five : (1) Shinto, (2) Finance, (3) War, (4) Foreign, (5) Judicial. Each department was headed by a Minister, which position was occupied by a Prince of royal blood, a *Kuge* or *Daimyo*. Under the heads of the departments there were Vice-Ministers, two grades of secretaries and a staff of clerical officers. The division of powers of the Legislative and Executive branches was provided for by Article III, but existed but vaguely in practice. According to Article IX, all officers were to be changed after four years' service and were to be appointed by a majority ballot. The Dajokwan was maintained until 1885.

Meanwhile, the Lower House changed its name to "Kogisho." It was first convened in April, 1869, with representatives from each clan to the number of 276. Only two sessions of the Kogisho were summoned, at the second of which it changed again its name to "Shugi-In" (National Assembly). After October, 1870, no other meeting was held and this institution was abolished as such in 1873. The Imperial Rescript for the abolition of the feudal fiefs (Han) was promulgated in August, 1871. By this Rescript the Han of the clans were converted into *Ken* (Prefectures). It is of great importance in the study of the early political system to note that the abolition of feudalism marked a stage of development in the transfer from localization, or decentralization, of power towards a centralized administration. In order to prevent a growth of the separatist tendency and the sense of clique, it was essential in the transition to establish a central and bureaucratic national government. Owing to the peculiarity of the "Japanese spirit," Emperor-worship provided a natural agency of unification and centralization. Nevertheless, it is clear that had the feudal allegiance been turned inward and localized rather than turned upward towards the Throne, Japan would have been divided into hundreds of small states, each a hotbed of jealousy. This tendency was prevented by the wisdom of the able statesmen who, in

directing the administration, abolished the feudal system as early as possible.

Period of Reconstruction. A revision of the central government which took place in 1871 gave new names to the Upper and Lower Houses, and to the Executive Board, which was enlarged to include the various department heads. The name of the Upper House of the "Dajokwan" was changed to "Sei-In" (Central Board); the Lower House was called "Sa-In" (Left Board), and the Executive Board was called "U-In" (Right Board). The functions of the earlier *Shugi-In* were subsequently transferred to the *Sa-In*. But the actual administrative power lay in the hands of the *Sei-In* and the *U-In*, for the *Sa-In*, deprived of its representative character by the abolition of the fiefs, could give little weight to its suggestions.

In 1875, a Commission on Administrative Reform was set up, consisting of the following statesmen: Koin Kido, Toshimichi Okubo, Hirobumi Ito and Taizuke Itagaki. The Commission decided to do away with the three Boards and replace them by a system involving real separation of powers. The three new organs were entitled respectively *Dajokwan* (Council of State), *Genro-In* (Senate) and *Daishin-In* (Supreme Court of Justice). The new Council of State was the executive organ consisting of a combination of the previous Council and group of departments. The Senate¹ was composed of men appointed nominally by the Emperor from the four separate special classes. Its function was to discuss and decide upon new legislative measures or the revision of existing laws. The Supreme Court of Justice exercised the supreme judicial functions and has remained continuously in existence since its establishment. According to the new revisions, the judicial administration was controlled by the Council of State, since the Supreme Court was made definitely subordinate to the Department of

¹ The *Genro-In* is not to be confused with the extra-constitutional body known later as the *Genro* (Elder Statesmen). It was a legislative board like the Council of earlier times.

Justice. But its importance lay in the fact that it constituted a special agency for final judgment of cases at law and thus was able to contribute to the evolution of the idea of the reign of law in modern Japan.

It is to be noted that democratic ideas commended themselves to the intelligentsia and even to some leaders of the bureaucracy before any parliamentary institutions were actually established. Itagaki of the Tosa Clan resigned from the Council in order to protest against the limitations imposed by the existing *Genro-In* policy, and formed the Liberal Party (*Jiyu-To*) in 1881, while Okuma of Hizen organized the *Kaishin-To* (Reform Party) the following year. Various other parties sprang up between 1877 and 1885, but these two were the most important as constituting the direct ancestors of the two major parties of to-day.

These manifestations of liberalism caused considerable disquiet among the oligarchs, and Prince Ito, the most astute of their number, set about the task of devising effective checks to the growth of democratic influence. The first of these was the establishment of the Peerage in 1884. This served a variety of useful purposes. It provided an institution familiar to the west, enlisted the goodwill of the influential and wealthy classes in Japan, and above all it established a conservative element in the various classes of society as a "reservoir" from which to draw the members for the future Upper House, thus gaining a balance of power for the liberal constitutional movement. Five hundred men received titles; twelve Princes, twenty-four Marquesses, seventy-four Counts, three hundred and twenty-one Viscounts and sixty-nine Barons. Of these, only thirty-five were newly ennobled by the Emperor, the others being old *Kuge* and *Daimyo*. The titles are hereditary, descending to the eldest legitimate male child.

Again, in preparation for the modern constitution, the grant of which had been implied in the Charter Oath and specifically promised in an imperial decree of 1881, Prince Ito cautiously set up two more bars to prevent the functioning of real parliamentary government from the outset. The first

of these was the Cabinet (Naikaku) which was established in 1885 to replace the Council of State. The Japanese Cabinet system was based upon that of the German chancellorship under the Bismarckian federal Empire, as seemed natural when there were no legislative assemblies in existence. The Cabinet, however, retained its formal independence of the Diet even after the establishment of the Constitution, which also seemed natural, as it was already functioning as the executive. But this meant in reality that the power of parliament was overshadowed from the very start. Finally, before the Constitution was proclaimed, a new Privy Council was established, of which Prince Ito himself was President. The Council is theoretically only an advisory body, but even up to modern times it has acted as an additional check on the power of parliament.

With the abolition of the feudal system, the reconstruction of local government developed side by side with that of the national government. The prefectures established to replace the "Han" in 1871, were reduced in number from 302 to 72 in 1872, which number was soon reduced to 43.¹ Later the nine "Fu" (urban prefectures) were reduced to three, those of Tokyo, Kyoto and Osaka. In order to co-ordinate local administration under the supervision of the central government, the "Chihokwan-Kwaigi" (Conference of Prefectural Governors) was set up in 1875. Elective assemblies in the "Fu and Ken" were established in 1878, and these areas were divided into counties and cities. At the same time the counties in turn were subdivided into towns and villages. In the beginning these smaller units were administered by the town and village headmen who were elected by the majority vote of the local inhabitants, subject to the approval of the Prefectural Governors.² In 1880 regulations for elective assemblies in these areas were promulgated, but they were not followed in general until 1890. Local administration on the whole, however, had made rapid headway and was already

¹ McLaren's *Documents*, pp. 22, 32, 33.

² *Ibid.*, p. 287.

efficiently carrying out its functions when the national Constitution came into operation.

In the meanwhile, an attempt of another kind had been made to break up the feudalistic legacy of decentralization by means of the construction of internal communications. The Government decided to form a separate expense account for local economic needs and public utilities. With the help of English engineering and capital, the Government built a railway in 1872 between Tokyo and Yokohama, eighteen miles in length. Two years later a similar line was made between Kobe and Osaka. By 1876 this line of twenty miles was extended to Kyoto. In 1878 a domestic loan for industrial purposes, amounting to three million yen, was floated for the construction of the "Tokaido" Railway from Tokyo to Kobe, a distance of 376 miles. Later, in 1881, the "Japan Railway" was organised under a company with a capital of twenty million yen and having eight per cent dividends guaranteed by the Government for a period of ten years on one section, and a period of fifteen years on another. By this railway Japan was traversed from north to south. As early as 1869 a telegraph system was established by the Government, and though it was of little importance before 1878, in that year there were 2,828 miles of wires in operation and the transmission of foreign messages was possible. In the following year 1879, with an entirely completed telegraph service, Japan entered the International Telegraph Union. This service was brought under the control of the Communications Department in 1886 and has remained so ever since. The telephone service was put into operation by the Government between Tokyo and Yokohama in 1890, after which the wires were extended to the present 2,164,000 miles.

It was evident that Japan must turn towards maritime development and the Government determined to help the shipbuilding industries and shipping trade. It is notable that, as early as 1845, a lord of the Satsuma had built secretly two or three vessels of foreign style in his domain at the southern end of Kyushu, and there were other feudal

lords in Kyushu who had seen the vessels of the Dutch merchants and advocated their imitation by Japanese builders. In 1855 the King of the Netherlands, to show his esteem, had presented the Shōgunate with a ship called *Soembing*, carrying six guns. Re-named *Kanko Maru*, it was the first unit of the modern Japanese navy. Between 1854 and 1859 the Shogun constructed the shipyard and navigation school at Akura, Nagasaki prefecture, with twenty-two Dutch experts acting as teachers.

Meanwhile, the Lord of Mito, who had been a bitter opponent of intercourse with foreign countries, advocated the adoption of western methods of defence and built a shipyard at Ishikawajima in Tokyo Bay (1855). In 1874 a Nagasaki shipyard was begun which was sold ten years later to the Mitsubishi Company. The Osaka Iron Works were established in 1880 by E. H. Hunter, an Englishman. The Kawasaki Dockyard was built at Kobe in 1881, and the first large steamer of 6,000 tons was launched in 1898. In 1896 the "Shipbuilding Encouragement Act" gave a new impetus to the construction of ships in Japanese yards. The Government later aided the development of the merchant marine and the shipping trade by enactment of the Navigation Law of 1896 and the Ocean Service Subvention Law of 1909. To-day the total tonnage of Japanese motor and steamships amounts to 4,186,652 gross tons, and Japan ranks third among the shipping countries of the world.¹

The mercantile monopoly in the feudal industrial system had laid the foundation for the transformation from the agricultural to the capitalist economic system, and the new Meiji Government determined to foster rapid industrialization. To this end the people were encouraged to apply western technique and methods along capitalist lines. Owing to the unfavourable commercial treaties of 1858 regarding the limitation of tariffs against Western countries, great difficulty arose in applying a policy of protection of

¹ John E. Orchard, *Japan's Economic Position*, Whittlesey House, New York, 1930, pp. 85, 86, 87.

industry. This handicap lasted until the general revision of treaties in 1889. Accordingly, the Government was forced to find another way of helping the development of industries, and the German methods of giving governmental subsidies permeated the commercial and industrial fields. In this way the Government fostered the new industries such as silk reeling, cotton spinning, cotton and woollen weaving, linen, cement, brick and soap-making, paint and food manufacture, power, iron and steel plants.

The impact of western imperialism, as represented by extra-territoriality, tariff restrictions, ceaseless humiliations from foreign aggression, even from China, produced in Japanese policy the underlying aim of raising the country up to a condition of equality with the west. The controversy over foreign policy in 1878 was mainly due to differences of opinion between liberals and militarists with regard to Korea in connection with the Russian imperialist advance in the Far East. Okubo, who had been in Europe, advocated the building up of a civil administrative order in the country before embarking on an active foreign policy. Takamori Saigo, on the other hand, advocated immediate resort to arms. This cleavage of view called forth for the last time an open display of feudalistic spirit in the civil war of 1878 between the Government and the militarist groups under General Saigo. The victory of the Government brought about an increased administrative solidarity, which, in its turn, facilitated the development of the country's economic power.

CHAPTER II

POLITICAL INSTITUTIONS

THE CONSTITUTION

Construction of the Constitution. The establishment of a drafting committee, headed by Prince Hirobumi Ito, to formulate the Constitution foreshadowed the conservative character of that document. After the proclamation of the "Imperial Charter Oath," Ito was sent to the United States to study the federal constitution. Subsequently, he was sent to Europe to study the various constitutions in use there. He examined the political genius of democratic government as revealed in the American Constitution of 1787 and in the well-balanced British Constitution, but the remarkable essays of the *Federalist*, and Mill's *Representative Government* exercised in the end a negative rather than positive influence upon the Japanese constitution. The successful bureaucracy of the Bismarckian Prussian government greatly attracted the Japanese conservatives, who intentionally followed the German conceptions of the state, such as the "organic" theory of Bluntschli, the "coercion" theory of Ihring, Gneist's theory of the "legal state" and Stein's of the "administrative state,"¹ and finally adopted the German positivist legalism—*Staatslehre*—as the fundamental principle of the new constitution. What Prince Ito has called "constitutional imperialism" is undoubtedly a strong centralized and national government under the cloak of a constitutional form, that is, the Bismarckian pretention of Frankfurt liberalism.

¹ See *Problem of Federalism*, by Sobei Mogi, Vol. I, pp. 262, 267, 454 ; Vol. II, pp. 625, 639, 659, 705.

Hegelian democracy (in modern terminology, the Fascistic democracy) was the statesman's ideal in the 'eighties. This undoubtedly influenced Prince Ito, who visited Germany in 1882, an influence which showed itself on his return to Japan in 1884 both in the manner of appointment and the personnel of the drafting committee of the Constitution. The other members were Kentarō Kaneko, Miyoji Ito and Tsuyoshi Inouye. This committee was attached not to the administrative departments or to the senate but directly to the Imperial Household, the initiative in this highly important service being thus definitely assigned to the Throne. The paramount problem with regard to the method of formulating the Constitution was as to whether the state should ask the representatives of the whole country to participate through the establishment of a constitutional "convention," which plan Okuma and Itagaki strongly advocated, or whether the creation should come merely by order of the sovereign, a plan supported by all conservatives and to some extent by Ito. Finally, he secured the adoption of a compromise, that of calling the Privy Council into the discussion of the constitutional documents; and, resigning from the premiership, he assumed the presidency of the Privy Council himself, asking Okuma and Itagaki to be members thereof. This conflict between Okuma and Itagaki on the one hand, and the conservatives and Ito on the other, which caused the latter to associate himself with General Prince Yamagata, was the main reason why Japanese conservatism began to lay its political basis on the military authority.

In May, 1888, the Privy Council commenced to deliberate upon the Constitution in the constant presence of the Emperor, who often gave instructions to the Councillors with regard to essential principles, on the basis of advice and information received from such ministers as Sanetomo Sanjo and Tomomi Iwakura.

The Competence of the Constitution. Fundamentally, the Japanese Constitution is, therefore, the embodiment of

the traditional political spirit of entity, establishing "the relation between sovereign and subjects," on which the "state was first founded." Although the unity of the political powers was weakened during the mediæval ages of feudal domination, the Imperial Restoration of 1868 had brought about a "strong and vigorous" Imperial power; so it was stated that the "Emperor has been pleased to issue a decree proclaiming the grand policy of instituting a Constitutional form of government, which it is hoped will give precision to the rights and duties of the subjects and gradually promote their well-being, by securing unity to the sovereign powers of the Head of the State, by opening a wide field of activity for serving (the Emperor), and by preserving, with the assistance of the Ministers of State and the advice of the Diet, the whole mode of the working of the machinery of state in a due and proper manner."¹

At the same time, the Commentaries stated that "all this is in strict accordance with the noble achievement bequeathed by the Imperial Ancestors" and "the way for the ultimate accomplishment of the object originally entertained by the said Imperial Ancestors." Inheriting the Imperial Throne of Japan from the Imperial Ancestors, the Emperor is declared to possess the "power to reign over and govern the state," i.e. sovereignty, a declaration which in no way embraces any newly settled opinion thereon. On the contrary, the "original national polity is by no means changed by it but is more strongly confirmed than ever."

Sovereignty, in the Japanese constitution, is the sacred manifestation of the Emperor's political rights, as combined in the Emperor "himself" who is "sacred and inviolable." Thus, the sovereign power of reigning over and governing the state is inherited by the Emperor from his Ancestors from whom the unity of the country, like the ramifying threads of political life, are "just as the brain and the human body," and it could thus be stated that the "Imperial Majesty has himself determined a constitution, and

¹ Prince Hirobumi Ito, *Commentaries on the Constitution of the Empire of Japan*, trans. by Count Miyoji Ito, Tokyo, 1906, p. 1.

has made it a fundamental law to be observed both by the sovereign and by the people." In the exercise of sovereignty the authors of the Constitution, however, denoted the avoidance of despotism by means of the constitutional "proper allotment of the share of works of each and every part of the organism of the state"—i.e. the separation of the three powers—without losing the essential characteristics of sovereignty—which prevents "irregularities and supineness."

Thus, the framers of the Japanese Constitution did not pay any attention to the monarchical democracy of the British Constitution when determining the homogeneous functions of authority and liberty. Since the sovereignty is vested in the Emperor himself, the Japanese Constitution assigns the three organic powers to the Emperor's sovereignty, the exercise of each being confirmed by, or referred to, the will and desire of the people through the legislature and the administrative or advisory assistance of the civil, military and judicial servants.

According to Article V of the Constitution, the Emperor exercises the legislative power with the consent of the Imperial Diet. He is the "fountain-head of the legislative power." The power given to the Cabinet to draft laws and to initiate projects of laws for the Diet, with the sanction of the Emperor, is not entirely based upon the theory that "laws are contracts between the governing and governed" but on the "original polity of this country by which there ought to be one and only one source of sovereignty of the state."¹

The sanctioning, promulgation and execution of laws and "orders" is within the sole sovereign authority of the Emperor who has the "power to refuse his sanction." It is interesting to note the difference between the Emperor's power to refuse sanction and the western legal concept of "veto." Since the law emanates from the "positive" command of the Emperor, sanction thereof is naturally withdrawn at his will. Thus Prince Ito's Commentaries

¹ H. Ito, *op. cit.*, pp. 9, 10.

state that the Japanese Emperor's refusal of sanction is different from the occidental veto "as the heavens are from the earth." The powers to "open, close and prorogue" the Imperial Diet, and to "dissolve the House of Representatives" belong to the Emperor, and also that of issuing "Imperial Ordinances in the place of Laws" in consequence of an urgent necessity for public safety or to avert public calamities, or when "the Imperial Diet is not sitting."

Although the Imperial ordinance is imperative in character, the Diet has the power to reject it, and it is definitely stated that an Ordinance should by no means "alter any of the existing Laws." According to Prince Ito's Commentaries, if the executive powers were confined to the execution of the Law, the State would be powerless to discharge its proper functions in the case of the absence of a law. "Ordinances," he said, "are not only a means of executing the Law, but may, in order to meet the requirements of given circumstances, be used to give manifestation to some original idea." The executive powers left to the Emperor's prerogative are vested in him for the determination of the "organization of administrative departments, the salaries of all civil and military officers and their appointments and dismissals."

Of particular importance in the Japanese Constitution is Article XI which states that "the Emperor has the supreme command of the Army and Navy." According to the Commentaries, since the "August Sovereign" swept away the "innumerable evil customs of feudal dominance," the Emperor's direct command of the Army and Navy is the essence of the sovereign supremacy. The General Staff Office has been established for his Imperial Majesty's personal and general direction of the Army and Navy. The Commentaries also declare that the article shows that "the paramount authority in military and naval affairs is in the Most Exalted Personage as the sovereign power," and that those affairs are "in subjection to the commands issued by the Emperor." The administration and command of the Army and Navy directly belong to the Emperor,

and he has absolute authority, exercised with the advice of responsible ministers but without any interference of the Imperial Diet, to determine the organization of the Army and Navy, embracing the organization of all military divisions and fleets, their divisions or subdivisions, as well as all personal, defensive and educative organizations ; together with the fixing of the number of men to be recruited each year.

But the Commentaries do not state whether the General Staff Office, or the Cabinet, with the sanction of the Emperor, has any power to decide upon the Naval or Army administration, such as the number of military divisions or the size of armaments, fleets, etc. According to the formalist legal interpretation, it is doubtful whether or not the subsequent laws regarding the Naval General Staff give the Imperial Supreme Command power over such matters independent of Cabinet interference. Though a recent Kaigun-rei (Naval Ordinance) has empowered the Naval General Staff to determine the size of the fleet, the power of budgetary sanction vested in the Diet, as well as the fact that active officers participate in the Cabinet as Service Ministers, would seem to indicate that the authority of the Staff must be limited in this connection. *De jure* and *de facto* the problem of military authority to-day is not altogether dependent on jurisprudence, but rather on the general social trend in the country at any given time, that is to say, whether the tendency is towards fascism or democracy. In any case, the ambiguity over the supremacy of the military authority and the Cabinet has brought about a dualism in Japanese internal and foreign policies.

The power to declare war, make peace, and conclude treaties rests with the Sovereign Emperor. In the case of emergency the Sovereign is empowered to declare a state of siege. The conditions and effects thereof, however, must be determined by law.¹ The Emperor also has the power to confer titles of nobility, rank and orders, and also that of

¹ See Ito, *Commentaries*, pp. 28, 29, regarding the delegation of this power to a General in command of an army.

ordering "amnesty, pardon, commutation of punishment and rehabilitation." The provision for a Regency under Article XVII guarantees that there shall be no interruption of the continuous exercise of the sovereign powers in any circumstances.¹

The competence of the Japanese constitutional authority, since it is taken almost for granted that the sovereignty is *de jure* based on the Emperor himself, is politically derived from the Emperor even in a semi-constitutional Diet. The sovereignty in the Japanese Constitution being the "Emperor in a semi-constitutional Diet" can be theoretically designated as a self-limited sovereignty. In reality, the sovereignty in Japanese polity is based on a political Regency, sometimes by the "Genro," sometimes by a military autocracy, or sometimes by democratic bureaucracy. In looking through Japanese political history, it is easy to see how the system of Regency has practically secured every actual ruling authority in the various political structures Japan has had; Shotoku Taishi's Regency, for instance, in the preliminary period of the Taikwa Great Reform, or the Hojo Regency in the Minamoto feudal government at Kamakura, and Hideyoshi's Regency over the Oda feudal government. History has countless examples of a political institution which seems to correspond to the genius of a people reappearing in a new form even after a radical change of political structure. Just as Cæsarism has been revived in the new Italian Fascism, Hohenzollern militarism in the Nazi totalitarianism or Czarist despotism in the Communist dictatorship, so has the Japanese historical institution of the Regency been transformed into a modern Regency under the "Genro."

The *Genro*, or the body of "Elder Statesmen," is a political institution peculiar to Japanese constitutional politics. At the outset it consisted of a group of statesmen, the pioneers of the Meiji Restoration, whose political functions were to act as final advisory council to the

¹ See Ito, *Commentaries*, p. 31, and *Socialism on Eastern Trial*, by Sobei Mogi, Canada, 1933, pp. 76-79.

Emperor. It is an "invisible" extra-constitutional executive organ which possesses final authority over the formation or dissolution of ministries as well as over the most important decisions in administrative affairs.

The *Genro* was at first a counter-agent of the early constitutional democracy. The list of persons in 1889 described as "transcendent" aids to the executive sovereignty of the Emperor shows the body to be one of conservative statesmen—really clan representatives. In the second generation of the Meiji pioneers, Aritomo Yamagata, Horobumi Ito, and Tsuyoshi Inouye of Choshu, and Iwao Oyama and Masayoshi Matsukata of Satsuma were the original members, while Taro Katsura of the Choshu and Kimmochi Saionji, a *Kuge*, were nominated later. Okuma of Siago, the liberal leader, was also accorded the privileges of Genroship which, however, he never exercised. Others who can be called "quasi-Genro," "unseen ministers of State," are Admiral Gombei Yamamoto and Sukenori Kobayama, recently deceased, and Count K. Kiyoura.

The influence of this "modern regency" is at present faint but remains effective, through the only surviving Genro, Prince Saionji. A new practice of some constitutional importance was resorted to at the time of the recommendation of the present Okada Cabinet to the Emperor, such recommendations having been previously confined to the competence of the Genro alone. In this case the question was submitted for the first time to a conference of the prominent servants of the Emperor. Prince Saionji discussed his views on the Cabinet recommendation with such statesmen as the Keeper of the Privy Seal, the Grand Chamberlain, the Minister of the Imperial Household, the Chief Aide-de-Camp to the Emperor, the Lord Steward to the Emperor, the President of the Privy Council, Count Kiyoura, and all other ex-Premiers. Is one to see in this the gradual evolution of an alternative to the Genro, or can one think of it as a particular phase in a time of crisis? Should this advisory conference with the Genro be again summoned at the time of recommending the next Cabinet,

an important precedent will have been established for the placing of the Genroship in commission.

Prince Ito learned the secret of political humbug from the methods of Bismarck. He saw how to conquer democracy by a careful adjustment of the constitutional mechanism just as Bismarck set up the Prussian hegemony through his distribution of state powers. In consequence of the merely quasi-constitutional character of the authority of the Genro, the executive authority was counterbalanced by the creation of the Privy Council, the power of which is derived from the Japanese theory of "constitutional imperialism" with the political and judicial competence of a super-prerogative, i.e. divine sovereignty.

The creation of the Privy Council brought into existence a dual political mechanism, as represented by a party Cabinet vis-à-vis to a permanent conservative body, the Council. Ito's Commentaries on the Constitution state that the Privy Council is the "palladium of the Constitution and of law" deliberating upon important matters, planning far-sighted schemes of statecraft and effecting new enactments after careful and calm reflection by instituting thorough investigations into ancient and modern history and scientific principles. It is also stated that the Councillors must be "men of wide experience and of profound erudition," and that they must serve, conjointly with the Cabinet, as the "highest constitutional body of the Emperor's advisers." Though not publicly announcing their suggestions, their deliberative opinion may be given prior to the final decision of the Sovereign. In the constitutional division of labour, their allotted duty is to render advice to the Emperor on important internal and external affairs of state, the issue of emergency ordinances, i.e. the declaration of a state of siege or of extraordinary financial measures, the ratification of treaties and other important political and legal matters.

Besides the Genro and Privy Council, another "shadow" in Japanese politics is the political influence of the "Imperial Household Ministry," the dominant figures of

which are the Keeper of the Privy Seal, the Minister of the Household, and the Grand Chamberlain. In the matter of the recommendation of a Prime Minister to the Emperor, it has sometimes seemed, notably in 1925, as if the Keeper were taking the place of the Genro. In any case, this functionary, together with other officials of the Court, has certainly acted as a quasi-Genro in the "invisible" high politics, much in the same way as the Lord Chamberlain in British politics.

Besides these three invisible authorities, there are the indefeasible powers of the military bureaucracy exercised either through the personal relations of military officers with politicians or through utilization of the mechanism of the "Supreme Command" of the Emperor over naval and military affairs. No matter what political organization of liberty or equality is given to the people, there is a traditional spirit of acquiescence to military command among Eastern peoples, so that Japan is easily governed by and subjected to militaristic "command and obedience." Thus the military authority, either of the navy or army, has always had an actual share in the real politics except for the short period during the triumphant development of party democracy between 1918 and 1931, and even during that time there were there four Prime Ministers from the military ranks.¹ Throughout the constitutional history of Japan there have been 30 cabinets, of which 11 had military, and 19 civil, Prime Ministers. Moreover, the constitutional appointment of the Service Ministers, of War and Marine, from their own active ranks, and the military "supreme command" over their own affairs, raises a question of *ultra vires* regarding the demarcation between the ministerial and military authorities.²

¹ General Terauchi, Admiral T. Kato, Admiral Yamamoto and General Tanaka.

² Of this there was a clear example in 1912. The then War Minister, General Uehara, made a proposal to increase the peace standing of the army by two divisions. The Prime Minister and his Finance Minister, Mr. T. Yamamoto (now Baron Yamamoto and Home Minister in the present Government) urged the postponement of the plan. In the course

In the complexity of high politics, the Sovereign, Genro, Privy Council, Imperial Household Ministry, military authorities, the cabinet, and the parliamentary members have all played their parts, varying in importance as changes of popular feeling or administrative strategy have prompted the dominance of democracy or oligarchy. The moderate degree of democracy which was manifest for a short period under the Hara and Takahashi *Seiyukai* (conservative) and the Kato, Hamaguchi, and Wakatsuki *Minseito* (liberal) governments was rather a reflection of liberal world trends than a manifestation of any development of public opinion among the people as a whole. Now, again, the political pendulum has swept back to a Fascist bureaucracy.

Definition of the Sovereignty of Japan. These political facts make it clear that the sovereignty in the Japanese constitution must be defined functionally as different from the western "limited" sovereignty. No matter what legal definitions are applied to sovereignty, the western practice has implied the representative exercise of a certain part of the sovereign competence by this or that political mechanism. The Japanese constitution, on the other hand, precisely defines the sovereign supremacy (as a functional sovereignty) with functions which are distributed among the administrative agencies of the Emperor by proper allotment.

Such agencies are not only differentiated by the separation of negotiations every other member of the Cabinet supported the Prime Minister, but General Uehara refused to yield, and at last handed his resignation to the Throne. The Prime Minister sought to obtain the services of another War Minister through the instrumentality of Prince Yamagata, himself a military man as well as a Genro, but without success. The Saionji Cabinet resigned as a body, therefore, three days after the War Minister's resignation. The controversy over the London Naval Treaty of 1930 was one of the *ultra vires* of the military power of "the supreme command," namely (1) to what extent the military authority, i.e. the Naval General Staff, has the right to submit its views regarding naval affairs to the sovereign directly and (2) whether the military or the ministerial authorities possess the supreme legal power to determine state policy.

of the legislative, executive and judicial powers, in the Constitution, but also by the existence of the conventional powers, i.e. the Genro, the Imperial Household and the military "shadow" influences. As representatives of sovereignty, these agencies perform responsible sovereign acts as between the Emperor and the people. Yet, functionally, the sovereign administration granted to these agencies is of an "advisory" character. Thus, the legal sovereignty in Japan can, it would seem, suitably be defined as functional. The sanction or refusal of the Emperor of Japan is, under the present constitution, the final decision on every matter within the country; in strict legal terminology it is the divinely inherited sovereignty which is the functionary "*Kompetenz-Kompetenz*," i.e. *imperium in imperio*. The legal imperative is the Emperor in a political regency.

The Rights of the Subject. The Constitution defines the legal right of freedom for the people as well as their duties to the state. The use of the term "subjects" instead of the "people" in the Constitution sense of positivist formalism suggests a tacit limitation of the actual liberty and equality of the citizens of the state. Nevertheless, the constitutional liberty, i.e., personal property rights, is guaranteed in the enumeration of the civil rights, the possession of which is "the source of the development of the life and intelligence of good, enlightened citizens, capable of contributing to the prosperity of the state."

(a) The right of "liberty of abode, and of changing the same within the limit of law," is provided by the Constitution. The "individual liberty" of the people and the security of their property are regarded as rights "of importance."

(b) Freedom from illegal arrest, detainment trial or punishment is assured by the constitutional security as well as under the provision of the criminal law which provides the legal independence of the people from executive or judicial autocracy, for no individual should be deprived of

his rights "without a trial by a judge determined by the law."

(c) Domiciliary entrance or search is constitutionally prohibited without the "consent" of the householder or by the presentation of legal authorization, and except in the case of legal sanction the secrecy of letters shall remain inviolate.

(d) The "freedom of religious belief" is secured by the establishment of "individual rights of conscience" in "belief and conviction" as regarding forms of worship, religious discourses, the mode of propagating a religion and the formation of religious associations and meetings, but certain "legal or police restrictions must be observed for the maintenance of public peace and order." The liberty to worship without restraint, even though antagonistic to the state religion, is to be regarded as "one of the most beautiful fruits of modern civilization" and as an approach towards a general consciousness of freedom as against oppressive authority.

(e) Liberty of "speech, writings, publications, public meetings and associations" can be enjoyed by Japanese subjects "within the limits of the law." Provided that no crime is committed or any disturbance of peace and tranquillity, no restraint of police measures or legal infringement upon "the honour of the rights of individuals" can be made, as is stated by the Peace Preservation Law of 1925 and the Imperial Ordinance of 1928.¹ The essential rights of freedom of expression granted *de jure* by the Constitution has *de facto*, on the contrary, been suppressed by subordinate Laws and Ordinances from the outset.

Restrictions upon the Press, especially upon expression of opinion therein, have been continuously evident in the censoring by the police authorities in order to delete any injurious and dangerous thoughts for the sake of "public peace or good manners."

Not merely have there been oppressive measures against the Press; freedom of speech and association has also been

¹ Constitution, Article XXIX. Ibid., pp 55-56.

restricted through the Police Peace Preservation Law. The Law of 1925 states that any one who forms or joins any association that has "the object of altering the national constitution (*Kokutai*)" with the full knowledge of its object or that has the object of fundamentally "negating the system of private ownership," with full knowledge of its object, is subject to imprisonment for a period not exceeding seven or ten years.¹ The past three years' amendments to this law have increased its severity, prompted by the activities of the Communist underground movement, by adding the liability of capital punishment and life imprisonment for the offence of participating in any project to upset the "foundation of the present national Constitution" or the "national polity."²

The legal interpretation of *Kokutai* (national constitution) is a fascinating problem not merely for political thinkers or jurists, but also for parliamentary politicians and even the public. In the Parliament of 1925 it was stated by the Home Minister that *Kokutai* was "the national polity under the unbroken line of monarchs" as differentiated from the narrow English sense of the "constitution" as the system of government (*Seido*), and this definition seems to have been accepted at least by officialdom. Thus the essential liberty in a democratic community has been expressly hampered by the new Police Peace Preservation Laws with their intolerant applications of police regulations not only in the restriction of expression and association, but also in the application of torture to persons suspected of these offences. There is little more academic liberty, or freedom of Press, of speech or of association in Japan than in reactionary Italy or Germany, not merely as a result of the Police Peace Preservation Law enacted by the legally constituted authorities, but also as a result of the "Lynching Law" of the fascistic or chauvinistic societies which venture to commit arson and murder when dealing with people

¹ Police Peace Preservation Law, of 1925, Art. I, II, III: *Japan Chronicle*, February 26, 1925, p. 272.

² *Japan Chronicle*, May 24, 1928, p. 652.

alleged to be animated by sentiments less patriotic than their own.

(f) The right of petition which has always been recognized in Japan as a legitimate measure for the subjects to obtain redress from rulers is also guaranteed by the Constitution.

(g) The right of private property of every Japanese subject remains "inviolable," although the statement that "measures necessary to be taken for the public benefit shall be provided for by law," indicates the existence of a legal obligation by which the individual privilege may be removed, subject to reasonable condemnation under the sphere of the right of sovereignty.¹ History has given to the Japanese people a conception of individual property that is far less capitalistic than that of Europeans or Americans. Yet in Japan the private property idea has existed since its gradual development in the Nara period. Hence the acquisitive impulse is deeply-rooted. Nevertheless the sense of ownership is not so clearly individualistic as that of occidentals because of the shorter experience of the individualist system of property based on a capitalist society and the long experience of family ownership in the patriarchal community.²

Japanese subjects may be appointed to civil, military or other public offices according to qualifications determined in laws and ordinances. No distinction of birth is "allowed to mitigate the equality of all the men in regard to appointment to office," who are not alien or against whom there are no provisions of specific enactment.³

Duties of Subjects. (a) As a Japanese subject, a man must serve compulsorily in the Army and the Navy according to the provisions of the law.⁴

¹ Constitution, Article XXVIII. Ito, *Commentaries*, pp. 49-53.

² Though the private property system has been granted since the dawn of Japanese history, the legal guarantee of private system and property security was not attained until the introduction of the modern capitalist economic structure after the Restoration of 1868.

³ Constitution, Article XIX. Ito, *Commentaries*, pp. 38-39.

⁴ *Ibid.*, Article XX. *Ibid.*, pp. 39-41.

(b) The duty of paying taxes according to the provisions of the law is a constitutional obligation of the Japanese subject.

The drafters of the constitution had the fundamental conception that the levying of taxes was for the maintenance of the state and not that taxes were the price paid in return for services rendered by the government ; nor did they regard the tax as a remuneration for the protection of private property. Their idea was independent of the thought that taxation was a mode of contract between the state and the people ; that is, not according to the British democratic idea of " no taxation without representation," but a Prussian or French autocratic conception of tax levy in which the state, as a ruling authority, has " the right to impose taxes," and the subjects have the " duty of paying them." The legal belief that taxation lies " in the pure duty of the subjects " of the state is the basic conception of the Japanese constitutional rights and duties in which the conservative legal ideology of the publicist M. Faustin Helie of France, and Herman Stahl of Germany, are represented.¹

The Emperor and Court. The Emperor in Japanese politics and constitutional law is a divine sovereign, heir of the heavenly dynasty of the Imperial Ancestors, and whose sacred Throne of Japan is to be " bequeathed to posterity." The Emperor, as the sovereign of the Japanese body politic " reigned over and governed by a line of Emperors unbroken for ages eternal," is a homocentric state authority, including legislative, executive and judicial powers.

The Imperial Court is organized according to the Imperial House Law which may be amended by the Imperial Family Council and the Privy Council.² The Imperial Family Council, members of which are under the obligation of absolute obedience to the Emperor, is composed of Princes of the Blood, but is associated in its workings with

¹ Constitution, Art. XXI. Ito, *Commentaries*, pp. 41-44.

² Imperial House Law, Chap. XII, Art. LXII.

the Keeper of the Privy Seal, the President of the Privy Council, the Minister of the Imperial Household, the Minister of Justice and the President of the Supreme Court of Justice. It deals only with matters concerning the dynasty. No member of the Imperial Family may be arrested or summoned before a Court of Law without the Emperor's consent. Civil actions by private individuals against members of the Imperial Family are within the jurisdiction of the Tokyo Court of Appeal. The daily business of the Imperial Court is administered by the Imperial Household Ministry, the Minister of which is quite independent of the Cabinet. For the expense of the Imperial Household has been allotted 4,500,000 Yen a year as a fixed appropriation in the budget. In addition to this the Family has income from property, land investments, etc., amounting to several hundred million yen yearly.

The constitutional statement of the unity of absolute sovereignty in the Emperor's person is a *fait accompli*, based *de jure* on the theory of "absolute monarchy" of the Bodinian sovereignty.¹ In the constitutional interpretation among Japanese jurists there are two schools, the conservative which insists on the theory of "the divine right of the Emperor," represented by the late Professor Y. Hozumi and Professor S. Uyesugi; and the liberal which implies that the Emperor is "the supreme representative of the nation," and includes the Emperor and the people in a constitutional sovereignty, represented by Professors T. Minobe, S. Sasaki and S. Ichimura.

In the view of political science, the Emperor is a constitutional sovereign legally represented as the "Emperor in the Diet," or more accurately, as we have seen, as a "quasi-constitutional convention." But the constitutional limitations on the Emperor's recognized legal supremacy are not necessarily to be regarded as restrictions of the imperial powers, since the Crown is the legal omnipotent sovereign.

¹ G. E. Uychara, *The Political Development of Japan*, London, 1910, p. 19. T. Nakano, *The Ordinance Power of the Japanese Emperor*, Baltimore, 1923, p. 5. H. Saito, *Democracy and Japanese Government*, N.Y., 1920, p. 1.

They are shown legislatively mainly in the unity of parliamentary consent, executively in the combination of the ministerial administration, and judicially in the joint competence represented by the jury system.¹ Thus the Crown in Japan is not an absolute monarchy but a quasi-constitutional oligarchy.

The Cabinet in its constitutional history has rarely acted as a "responsible" ministry of the Emperor, except in a few cases such as the ministerial victory in the ratification of the London Naval Disarmament Treaty, or in the controversy with regard to the Kellogg Pact. Therefore the Japanese Emperor as a holder ("*Träger*") of the sovereignty is a quasi-constitutional head with tutorial advisory powers as in the theory of "*Kompetenz-Kompetenz*," an absolute conception of the legal sovereignty. In other words, Japan is ruled not by a "titular sovereign" but by a "constitutional self-limited sovereign" under the modern Regency.² It is true that the Japanese sovereign, despite this out-of-date conception of the legal absolutism of sovereignty, has neither behaved wrongly nor used the rights of veto in the manner of the Tudors in England or the eighteenth century French monarchs, but the sacred authority has been deplorably infringed upon by the "actual holders" ruling under the screen of the Emperor who, on the contrary, should be the final arbiter of the ruling classes. It thus emerges that the Japanese theory and practice of monarchy produces neither absolutism nor democracy. It simply reinforces the regency of the powers "behind the curtain."

¹ H. S. Quigley, *Japanese Government and Politics*, Century Co., N.Y.—London, 1932, p. 70. Limitations of the Imperial absolutism are defined in the following articles of the Constitution: 4, 5, 8, 9, 10, 14, 18-32, (inclusive), 37, 38, 39, 41, 42, 45, 46, 51, 52, 53, 55, 57, 58, 59, 60, 62, 63, 64, 66, 68, and 70-75 (inclusive). Thus 47 articles out of 76 are limiting provisions; those exercised by the Diet (19 articles) by Ministers (one article), by the Courts (three articles), by private rights (15 articles), and by the Constitution itself (15 articles). Six articles (57, 58, 59, 62, 66, and 72) embody double limitations.

² *Socialism on Eastern Trial*, by Sobei Mogi, Canada, 1933, p. 67.

The Diet. The Japanese Diet, unlike the British parliament, is empowered to take part in the legislation, but has "no share in the sovereign power," i.e. it has power to deliberate upon laws, but none to determine them. The constitutional functions of the Diet are firstly to share in the legislation, and secondly and indirectly to supervise the administration.

According to the constitution and the Law of the Houses, the rights of the Diet have been recognized as the following : (a) the right to receive petitions ; (b) the right to address the Emperor and to make representations to him ; (c) the right to put questions to the government and demand explanations ; (d) the right to control the management of the finances.

From the angle of political science, though the latent force of democracy is based on legislative liberty as a part of the constitutional sovereignty in the Western systems, the legislature in the Japanese constitution is an agency of the Emperor's sovereignty, i.e. the Diet, which apparently consists of representatives of all classes of citizens, is merely an organ of consultation on the framing of laws and the conduct of the bureaucratic administration. The essential constitutional rights in parliamentarism, especially the rights regarding finance, are bestowed upon the Diet quite apart from the sanction of the Emperor ; the budget laws of the state cannot be put into practice without the Diet's consent. Nevertheless, through political manoeuvres, the corruption of party politics, the lack of party organization and the existence of non-responsible and invisible authorities there has been little effective exercise of these rights.¹

¹ The corruption of party politics is indicated by the continual cases of political bribery in the general elections and administration. The existence of many small parties besides the two big parties, Conservative and Liberal, prevents decisive voting, while the constant party splits as the result of personal and material interests has brought the evils of the group system as in the French or German parliament. Moreover, the prevalence of super-party Governments and the legacy of the grant of regency have *de facto* prevented an adequate or efficient working of constitutional democracy.

The House of Peers. The House of Peers, according to the Imperial Ordinance relating thereto, has members of the Imperial family; representatives of the orders of nobility; persons who have been nominated by the Emperor on "account of meritorious services to the State" or of "erudition" and elected representatives of the highest taxpayers of each *Fu* (urban Prefecture) and *Ken* (Prefecture).

The Princes of the Blood and Princes and Marquesses sit by hereditary right. But the Counts elect 18 and the Viscounts and Barons each 66 of their number to sit for seven years. The Imperial nominees for merit or learning, except 4 representatives of the Imperial Academy who sit for seven years, are in practice selected by the Prime Minister through whose recommendation the Emperor appoints the member for life. Such representative nominees number 125. The representatives of the highest taxpayers are elected by men who pay 300 Yen or more in direct taxes upon land, industry or trade; there is generally one in each Prefecture, but two in the particularly populated ones.¹

The present membership is as follows:

| | |
|-------------------------------|----|
| Princes of the Imperial Blood | 17 |
| Princes | 15 |
| Marquesses | 30 |
| Counts | 18 |
| Viscounts | 66 |
| Barons | 66 |

Imperial nominees:

| | |
|---|-------|
| (a) Imperial nominees for state services | 125 |
| (b) Highest Taxpayers | 66 |
| (c) Imperial Academy | 4 |
| | <hr/> |
| | 195 |

Total 407

¹ Two members are elected in nineteen Prefectural constituencies.

The quality of the members of the House of Peers indicates that the House is indeed a bulwark of the special classes, the present rulers. The analysis of the membership quality of the Imperial nominees gives a miniature of the social conditions of to-day, in which the big capitalist interests dominate politics through the party parliamentarism. The party funds, as those in western constitutional countries, are usually secured by "selling titles," and are collected either by the nomination of the rich men as members of the House of Peers, or by selling the orders of nobility or honours.

There are six parties in the House, of which the names and composition in 1933 were as follows :

| | |
|---|-----------|
| KENKYU KAI : Counts, Viscounts, two Marquesses, Imperial Nominees and Highest Taxpayers | 147 |
| DOSEI KAI : Imperial Nominees, Highest Taxpayers, Minseito | 23 |
| KOSEI KAI : Barons, Imperial Nominees, Highest Taxpayers | 69 |
| KOYUKURABU : Imperial Nominees, Highest Tax- payers, Seiyukai | 39 |
| DOWA KAI : Imperial Nominees, Highest Taxpayers, Minseito | 36 |
| KAYO KAI : Mostly Princes and Marquesses | 36 |
| INDEPENDENT : 2 Princes, 4 Marquesses, 1 Count, 16 Imperial Nominees, 5 Highest Taxpayers, 4 Academicians | 40 |
| | <hr/> 390 |

The 17 Princes of the Blood, for obvious reasons, have no party affiliations. No matter what the party, or super-party, government may be, at present there are strategic divisions of the House mainly into pro-Government or anti-Government groups. Owing to the increase of governmental nominees following the resignation of a cabinet and the ambition of the peers to take part in public affairs, the

second chamber has ceased to function as a check upon party politics. On the contrary, the House has tended to become involved in the struggle of party politics itself. Moreover, the House of Peers has the same legislative authority as the House of Representatives, so that it can be regarded as an actual bar to any bill against the interests of the special classes. Thus, the House of Peers to-day is an extension of the legislature of the First Chamber, the House of Representatives. Since the modern state tends to be complicated in its administrative organs, and, moreover, since Japanese politics have been bureaucratic in character and autocratic in nature, the bureaucratic government, with its organized civil service, has come to be considered as a second chamber.

The procedure of the House is quite similar to that of the House of Representatives, except for the rights concerning money bills: "The opening, closing, prolongation of session and prorogation of the Imperial Diet shall be effected simultaneously in both Houses. In case the House of Representatives has been ordered to dissolve, the House of Peers shall at the same time be prorogued."¹

House of Representatives. The House of Representatives is "composed of members elected by the people according to the provisions of the Law of Election."² The members of the House are "elected by the people throughout the country" from among men of certain qualifications and for a fixed length of time. The Law of election in 1889 limited the right of voting to men who paid 15 Yen in direct national taxes. This qualification for suffrage was reduced to 10 Yen by the Reform Bill of 1900, to 3 Yen in that of 1919, and was abolished by the election law of 1925. Thus the present law provides manhood universal suffrage for all male Japanese subjects over twenty-five years of age; those over thirty being eligible for election.³ The rights of

¹ Constitution, Art. XLIV.

² Law of Election of 1925, Art. V.

³ Ibid.

franchise and election are not recognized for the following subjects, (a) those who have been declared dependent or quasi-dependent, (b) those who have been declared bankrupt and have not yet liquidated their obligations, (c) those who receive public or private aid or relief for their living, (d) those who have no domicile, (e) those who have been condemned to confinement or penal servitude for more than six years, (f) those who have been condemned to confinement or penal servitude for less than six years for certain offences against the criminal law.¹ The Law does not allow these rights to the heads of aristocratic families or men in the army and navy who are in active service or during war or emergency, or to students enlisted in military service, or in the militia on their own application. Certain civil officials and judicial officials are not eligible for election.² Excepting Cabinet Ministers, the Chief Secretary of the Cabinet, President of the Bureau of Legislation, the Parliamentary under-secretaries and councillors of all ministries, and private secretaries of the Premiers and all ministries, no officials may combine their offices with membership of the House of Representatives. This also applies to members of the Prefectural Assemblies. No one can, at one and the same time, be a member of both Houses, which signifies the democratic principle of one vote and one representation, though the Highest Tax-payers and the Imperial Nominees have the right of plural votes in elections.³ The residence qualification is fixed at one year without interruption in the respective localities; the formation of the electoral list is the responsibility of the head local officers of towns and villages.

¹ Law of Election of 1925, Art. VI.

² Ibid., Arts. VII, VIII, IX, X. The officials who are directly concerned with the management of elections and officials in the Imperial Household ministry, judicial officials in the colonial government, judicial officials of the Navy and Army, the President and Councillors of the Court of Administrative Litigation auditors, revenue officials and police, and officials in the House of Representatives.

³ Ito's *Commentaries*, p. 68. This principle of the separate representation is incompatible with the constitutional object of establishing both Houses.

The electoral system was altered from a single member constituency in the Law of 1889 to the large constituency of a whole prefecture or incorporated city in that of 1900, returning to a single member constituency in that of 1919 and again changed to the present system which is a "multi-member" constituency—where several members are elected in the well-sized constituency with one vote cast by each voter. The whole country is divided into the following constituencies and elected members; fifty-three constituencies return three, thirty-eight return four, and thirty-one return five members each. The voter has the right to cast one vote only by the procedure of secret ballot.

Any qualified person can be a candidate for a seat in the House by giving notification to the Chairman of the Election of the constituency in which he presents the deposit of 2,000 Yen either in cash or in government bonds.¹

It is strictly prescribed by the Law of Election that the expenses of the election campaign for each candidate must not exceed the amount obtained when the total number of the electors registered on the final electoral list, divided by the number of members to be elected in the constituency, is multiplied by 40 Sen. The Government allows to the candidate one letter postage free for each elector in his constituency. In 1928 the average amount of the official electoral expenditure throughout the whole country was approximately estimated at about 10,650 Yen. This legal limit of electoral expense is nominal and it is generally known that three or four times more than the official amount is spent by the candidate on the direct purchase of votes and other methods of bribery.²

In the course of constitutional development in Japan the

¹ Law of Election of 1925, Art. LXVIII.

² H. S. Quigley, *Japanese Government and Politics*, Century Co., N.Y.—London, 1932, pp. 259, 260. An election bill presented in 1934 seeks to improve the methods of elections, such as election constituencies, reduction in amount of election expenditure and payment by the Government of a portion thereof. This Bill is now under consideration of the Privy Council.

elections have not escaped corruption and bribery similar to that in English constituencies in the seventies and eighties of the nineteenth century. The organized "racket" of selling votes is still in existence in Japan, encouraged by the election agents in every constituency throughout the country. The possession of the rights of election "racketeering" or the control of certain votes, say one or two hundred, are regarded as vested interests, not merely in provincial constituencies, but also in towns. The expenses necessary for successful candidature are usually quoted in the political market at every election according to the prevailing economic conditions. The quotation of the election market is announced by such technical terms as "Shichito Goraku" (seven return, five fall) or "Goto Sanraku" (five return, three fall), which means that at a given time the person who spends 70,000 Yen will be returned and one who spends only 50,000 will fall, while at another time the figures of certain failure and certain success are 50,000 and 30,000 Yen respectively. It is of interest perhaps to know that the term "setta" (Japanese sandal) or "kuwa" (spade) are also used as electoral symbols. The "setta," which is reinforced with a piece of steel fixed on the heel, indicates the bribe which is paid after the election, whereas the "kuwa," which is reinforced by the steel on the toe, indicates the bribe paid "on the spot."¹ Elections have been, especially recently, so expensive that those who stand as candidates often lose their fortune. The result is that working-class or socialist candidates find it almost impossible to get returned.

Though the election campaigns are carried out in these immatured conditions, thanks to which constitutional democracy is in reality still far distant from any actuality, the social force of capitalist economic development has effected a transformation in the quality of representatives from the landed to the industrial and commercial interests.

The vocational classification in percentage of the members in the House of Representatives follows :

¹ *Japan Advertiser*, January 28, 1931, p. 4.

| Occupation | Election | | | | | | |
|-----------------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| | 1st 1890 | 5th 1898 | 10th 1908 | 14th 1920 | 15th 1924 | 16th 1928 | 17th 1930 |
| 1. Civil and Military | 20.2 | 0.7 | 0.3 | 6.5 | 3.2 | 10.2 | 8.4 |
| 2. Medicine | 1.2 | 1.3 | 1.9 | 1.7 | 3.0 | 2.2 | 2.8 |
| 3. Journalists | 6.7 | 2.7 | 4.5 | 5.4 | 6.5 | 7.3 | 8.3 |
| 4. Lawyers | 8.0 | 8.3 | 16.9 | 14.7 | 13.8 | 15.6 | 16.8 |
| 5. Business men | 8.7 | 17.0 | 16.1 | 28.4 | 27.8 | 22.2 | 18.7 |
| 6. Farmers | 48.0 | 48.7 | 27.4 | 20.0 | 17.9 | 9.5 | 3.6 |
| 7. Industrialists | 3.3 | 1.7 | 3.2 | 5.8 | 5.0 | 9.7 | 15.4 |
| 8. Others | 1.7 | 4.3 | 6.3 | 3.5 | 5.8 | 5.2 | 16.6 |
| 9. No occupation | 2.7 | 15.3 | 23.5 | 14.0 | 17.0 | 18.1 | 10.4 |

This record reflects the predominance of the industrial and commercial economic interests over the farmers', whose ratio of 48 per cent of representation in the House has decreased to 3.6 per cent, whilst the industrialists and businessmen's 12 per cent has increased to 41 per cent in 1930.

The records of the average age, as well as standard of education, of members since the reform bill of franchise give a suggestion of their quality. Statistics follow :

AVERAGE AGE OF MEMBERS OF THE HOUSE OF REPRESENTATIVES

| Age | Elections | | | | | | |
|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| | 1st 1890 | 5th 1898 | 10th 1908 | 14th 1920 | 15th 1924 | 16th 1928 | 17th 1930 |
| | % | % | % | % | % | % | % |
| 30-39 | 51.3 | 35.0 | 16.1 | 12.9 | 14.2 | 7.9 | 4.5 |
| 40-49 | 35.0 | 47.0 | 46.4 | 32.3 | 37.7 | 38.6 | 34.6 |
| 50-59 | 10.0 | 15.0 | 34.0 | 41.2 | 38.2 | 34.8 | 36.3 |
| 60-69 | 3.7 | 3.0 | 3.4 | 13.6 | 9.9 | 18.7 | 22.3 |
| 70 or older | 0.0 | 0.3 | 0.5 | 1.7 | 1.9 | 1.9 | 1.7 |
| Average age | 42.3 | 44.7 | 48.5 | 50.5 | 51.0 | 51.8 | 52.6 |

¹ *Japan Year Book, 1924-1925*, p. 84. There is probably some slight mistake in calculation here.

STANDARD OF EDUCATION OF MEMBERS¹

| | 1928 | 1930 | 1932 |
|------------|------|------|------|
| | % | % | % |
| Elementary | 7.5 | 2.2 | 9.1 |
| Secondary | 13.1 | 10.8 | 29.7 |
| University | 67.7 | 66.5 | 64.5 |
| Others | 11.7 | 20.5 | 6.7 |

NUMBERS OF ELECTORATE AND MEMBERS

| Law of Election | Electorate | Members |
|------------------------------------|------------|---------|
| 1st Law of Election, 1889 | 450,000 | 300 |
| 2nd Reformed Law of Election, 1900 | 983,000 | 381 |
| 3rd Reformed Law of Election, 1919 | 2,860,000 | 464 |
| 4th Reformed Law of Election, 1925 | 12,500,000 | 466 |

The movement of the average age of the members of the House from young to old indicates the two tendencies of social development, firstly the stability of the economic condition of the modern monarchical constitutional state and, secondly, a psychological reaction against the advance of the democratic parliamentary system.

At the same time, the steady rise of the educational standard of the members with the gradual improvement of party influence would seem to indicate progress in parliamentarism. Nevertheless, the invisible and visible suppression and the lack of social tolerance does not allow the public will for constitutionalism to secure any growth of political liberty, even though judicial independence from the autocratic or bureaucratic government has to a

¹ *Japan Advertiser*, February 26, 1930, p. 2. Out of the 288 university graduates in the 1930 election, 19 were graduates from American universities, 83 from the Tokyo Imperial University, 15 from Kyoto Imperial University, 65 from Waseda University (founded by the late liberal statesman, Marquess Okuma), 18 from Keio University. 107 were not graduates from a Middle (High) School.

great extent been secured. In practice, both the bureaucratic and party governments have utilized their authority to coerce opposition, as much as the election law can permit, through the police or local officials. This official interference in elections brings about the danger of a breakdown in the stability of the administration and its efficiency in the civil service because of the constant alteration of the local officials with the changes of the Cabinet. As a result of this insecurity of the civil service, according to the change of party government, its efficiency tends to degenerate as does its ability owing to the partisan inclination of the civil servants. It is an inducement moreover towards civil corruption, such as public crime or bribery, undertaken to extract economic concessions from the national or local governments.¹

As in the procedure of the British or American system, the candidate is entitled to nominate "watchers or voting witnesses in each voting precinct," with official voting overseers to assist the identification of eligible voters. In the election campaigns neither canvassing nor the use of motor-cars for urging the voters to the polling stations, as in England, are seen in Japan. Speeches, circulars, letters, notices, pamphlets and placards are exhibited under the strict supervision of the police authorities. All the responsibility of the election, such as minutes of the voting and counting, is in the hands of the Chairman of Election, i.e. the mayor in the city, and the branch heads of each constituency appointed by the governor in the prefecture.

The 466 elected members are divided into two main parties, small parties and independents, and the labour and socialist parties. At present there are six parties counting the independents, as is shown in the following :

¹ The usual practice is to change all the holders of the main posts in the prefectural administrations, so that they can serve the party interests in national and local elections and be easily amenable to control through the Home Minister, a party leader. In such conditions, it is evident that the average official has no security of tenure, and with the prospect of being "retired" on an inadequate pension at the next change of Ministry, he is naturally tempted to accept bribes from local business men.

MEMBERS AND PARTIES IN THE HOUSE IN 1933

| Party | |
|--|-----|
| Rikken Seiyukai (Conservative) | 304 |
| Rikken Minseito (Liberal) | 104 |
| Kokumin Domei | 32 |
| Shakaitaishuto (Socialist Mass Party) | 3 |
| Nihon Kokkashakaito (Japan National Socialist Party) | 1 |
| Independents | 9 |
| Vacancies | 13 |
| Total | 466 |

Seats may be left vacant if the Minister of Home Affairs makes no decision as to the date of a by-election, and during the last few years there has been no such election. This is yet another indication of the semi-democracy of the Japanese system, for under a genuinely democratic constitution a by-election is regarded as a most important test of the government's popularity, the holding or non-holding of which could never be left to the discretion of an obviously interested party. The idea in Japan has obviously been to strengthen the bureaucracy all along the line, but under the party system the ruling about by-elections simply gives the party in power one more card in the game of clinging to office.

The organization of the House of Representatives, as that of the House of Peers, provides for a President and a Vice-President, both of whom are nominated by the Emperor from three candidates elected by the House, to hold office for the life of the House.¹ The President usually has been chosen from among the members of the majority party most skilled in parliamentary procedure, and the Vice-chairman either from the independents or from the second or third largest party. The duties of the President

¹ The President of the House of Peers is directly nominated by the Emperor for a period of seven years.

and Vice-President of the House are just the same as those in the House of Peers.

Since "every law fundamentally requires the consent of the Imperial Diet," the projects of law "submitted by the government" and initiated by the Houses themselves respectively should be voted upon in both Houses. Constitutionally, the Emperor has no relation with the business of the Diet but charges it to the Ministers of State during the session together with the drafting of laws and the conduct of public correspondence. The House is dissolved by Imperial Order at the recommendation of the Prime Minister, and a new election must take place within 30 days. The new Diet must be summoned within five months after the date of the dissolution. The vote is taken in both Houses by an absolute majority, the Chairman having a casting vote in the case of a tie. Neither a debate can be opened nor a vote taken without the presence of one third of the members in both Houses.

The committee system is of great importance in both Houses. There are three kinds of committees, a committee of the whole House, standing, and special committees. The committee of the whole House is composed of all members with a Chairman elected by the House as a whole in the same session. Standing Committees are formed in accordance with the "requirements of business" and are directed by chairmen chosen by the members thereof. The House is divided into several sections to elect the members of the committees whose term is that of a single session. The same procedure is applied to special committees. Though the term of these committees is limited by law to a single session, each House, at the request or with the concurrence of the Government, may continue a certain committee for the examination of bills during the intervals between sessions.

The President of each House determines the orders of the day. Except in a case of urgency, precedence is given to government bills. The process of discussion includes three readings, but this process can be shortened, at the request

of the Government or of not less than ten members, with the concurrence of two thirds of the members of the House. Bills brought in by the Government must not be voted upon without examination by a committee, except in cases of urgent necessity.¹

In Japanese politics it is the invisible authority which constitutes the real force, and the combination of the various ruling classes which constitute or influence this invisible authority, together with the plutocracy, really directs the compass of the state. For instance, no bill has yet passed in either House with an entire disregard to the wills of these classes, whilst all bills or Imperial Ordinances for the benefits of these interests have passed, even without debate, to become laws of the state. Regarding financial bills, it is the right of the House of Representatives to discuss them before the House of Peers,² but constitutional democracy has not yet developed to such a point as to give the entire decisive authority concerning financial bills to the Lower House. No taxes or other revenues or expenditures, except the "fixed Imperial expenditures," can be paid into or out of the Treasury without parliamentary consent.³ The financial system appears thus so democratic as to endorse the right of the Imperial Diet to reject or alter the fixed amount or otherwise modify expenditures, but in fact the real politics of public finance are clearly determined by the Executive. The compromise of expenditures between the Finance Minister and the ministers of various other departments, especially those of the army and navy, is far more delicate and significant in Japanese politics than any parliamentary strategy concerning the increase of taxation or a change in the system of revenue. The traditional influence of the military and the constant fear of the resignation of the Service Ministers have been and are the first considerations of any Government. When the budget

¹ Law of the Houses, Chap. IV, Articles XX, XXI, XXV; Chap. V, Articles XXVI, XXVII, XXVIII.

² Constitution, Article LXV.

³ Ibid., Articles LXII, LXIII, LXIV, LXV, LXVI, LXVII. Ito, *Commentaries*, pp. 129, 130.

bills of the given year cannot pass both Houses, or when the House is dissolved and no time is given to "vote on the budget," the "budget of the previous year" is carried out in order to prevent "paralysis of the machinery of administration."¹ Moreover, the Government has the right to ask consent of the Imperial Diet for a certain amount as "a continuing expenditure fund for a previously fixed number of years." A reserve fund is also to be provided for special requirements, such as that of national defence.² Finally, there is also the Imperial Ordinance by which the government, between sessions, may take all necessary financial measures for the urgent needs of the maintenance of public safety or when there is an impossibility of summoning the Diet owing to internal or external conditions of the country.³

The final account of the expenditures and revenue of the State must be verified and confirmed by the Board of Audit and subsequently submitted to the Diet by the Government with the Board's report.⁴ The financial year for which the budget is operative is the period from April 1 to March 31 after the full examination and adjustment of the original draft made by the ministry of finance with other offices in the previous year. It is of interest to note that the ability with which a Prime Minister can reconcile the competing claims of the various ministries during the preliminary discussions and thus present an agreed budget to the Diet is generally regarded as the measure of his political and administrative capacity. The subsequent handling of the Diet itself is regarded as of much less importance. In view of the untrained political conscience of the people towards their obligations, a much larger part of the revenues in Japan is derived from indirect taxation than in other democratic countries. Moreover, deficiencies in the budget and also necessary increases of expenditure are met by the

¹ Constitution, Art. LXXI. Ito, *Commentaries*, pp. 135-136.

² Ibid., Arts. LXVIII, LXIX. Ibid., pp. 132-134.

³ Ibid., Art. LXX. Ibid., pp. 134-135.

⁴ Ibid., Art. LXXII.

issue of Treasury Bills or Bonds, and very seldom by an increase of taxation. The proportion between these two systems of taxation is as follows :

THE PROPORTION OF DIRECT AND INDIRECT TAXES

(unit 1,000,000 Yen)

| Year | Direct | Indirect | Total | Percentage to the Total | |
|-------------------|--------|----------|---------|----------------------------|------|
| | Yen | Yen | Yen | % | % |
| First Budget—1890 | 45.2 | 21.0 | 66.2 | 68.3 | 31.7 |
| Budget—1900 | 62.9 | 78.2 | 141.1 | 44.6 | 55.4 |
| Budget—1910 | 144.2 | 235.1 | 379.3 | 38.1 | 61.9 |
| Budget—1920 | 365.4 | 454.9 | 820.3 | 44.5 | 55.5 |
| Budget—1930 | 369.3 | 679.9 | 1,049.2 | 35.2 | 64.8 |
| Budget—1931 | 376.4 | 676.0 | 1,052.4 | 35.8 | 64.2 |
| Budget—1932 | 318.7 | 632.9 | 951.6 | 33.6 | 66.4 |
| Budget—1933 | 273.5 | 574.6 | 848.1 | 32.3 | 67.7 |

No matter whether the method of public finance is one of raising necessary revenue by taxes, or one of putting out bond issues and maintaining a comparatively stationary taxation, a comparison of the amount of taxes levied and the amount of government bonds issued from year to year constitute a test of the stability of the state policy. The record on page 80 indicates, by the differences in proportion as between bonds and taxes, how the Japanese state policy has changed.

The traditional financial policy of the *Seiyukai* (which is mainly dependent on the rural voter) is one of inflation, whereas the *Minseito*, on the contrary, have been deflationist up till recently, when the world economic trends have directed them towards inflation since the economic distress in the capitalist system can hardly *ipso principii* survive without the application of inflation, or a devaluation of gold.

Division of Powers. The three powers, legislative, executive and judicial, are in practice separate as functional

RATIO BETWEEN GOVERNMENT BONDS AND TAXATION

| Year and Current circumstances | Amount of Taxation (1,000 Yen) | Increase or Decrease (as from previous year) | Amount of Gov. Bonds (1,000 Yen) | Increase or Decrease |
|---|-----------------------------------|--|-------------------------------------|----------------------|
| Sino-Japanese War 1894 | 71,286 | 1,281 | 263,706 | 3,108 |
| Sino-Japanese War 1895 | 70,848 | 438 | 350,623 | 86,917 |
| Russo-Japanese War 1904 | 194,362 | 48,199 | 982,144 | 421,182 |
| Russo-Japanese War 1905 | 251,275 | 56,913 | 2,104,586 | 1,122,442 |
| Great War 1914 | 343,708 | 25,772 | 2,506,371 | 77,751 |
| Period of Rehendner Policy 1931 | 735,504 | 99,537 | 6,029,162 | 103,444 |
| Manchurian Problem 1932 | 708,006 | 27,498 | 5,002,805 | 26,357 |
| Manchurian Problem 1933 | 695,837 | 12,169 | 6,548,749 | 545,944 |
| Inflation Policy generally recognised 1934 | 692,034 | 3,803 | 7,809,100 | 1,260,351 |

agencies under the sovereignty, but, fundamentally, they are exercised by one and the same authority. Besides its legislative functions, mentioned earlier, the constitutional executive (the ministers of state) acts as an administrative advisory agency, through the medium of which are conveyed the Imperial orders and commands formed on the

basis of the opinion of the Privy Council, under the invisible guidance of the Genro backed by the Generals and Admirals.¹ At the same time, as the constitution has laid down a democratic conception of jurisdiction, the judicial power has some measure of independence from executive or political influence. The Sovereign is the fountain and symbol of justice, and "his judicial authority is nothing more than the manifestation of the sovereign power," which, as we have seen, is theoretically absolute. Although the legal theories, system and procedure of the Germanic positivist, formalist conception which has influenced Japanese jurisprudence are more vigorous in nature and practice than the common-law spirit of Anglo-British legal empiricism, the Japanese judicial administration is more independent, more rational, and far more realistic than was that of Prussia, and is far better than that of the corrupt French Court even in regard to political crimes. It can be said that the judicial system and the personnel of the Japanese courts constitute the most admirable features of the state administration.

Amendment of the Constitution. Finally, the test of a constitution, whether democratic or not, adequate or inadequate, lies in its provisions for amendment.² The Japanese Constitution gives the right of amendment entirely to the Emperor as "he is the sole author of it." In conformity with instructions transmitted by his Ancestors to him and to "posterity as an immutable code of Laws whose provision his present subjects and their descendants shall obey for ever," it lacks provision for alteration regarded as a constitutional "commandment." But although, owing to the fundamental character of the national polity, a continued stability for all ages to come is regarded as of the highest necessity, it is conceded by commentators and implied by the very existence of the amendment clause that at some future date there may be introduced

¹ Constitution, Arts. LV, LVI. Ito, *Commentaries*, pp. 84-99.

² See *Problem of Federalism*, by Sobei Mogi, George Allen & Unwin Ltd., London, 1931, Vol. 1.

modifications of the less important parts of the political institutions, in order to keep abreast of the changing phases of society.

The only right of participation of the Diet in the amendment of the constitution is a consultative one. Thus a project to amend the provisions of the present constitution must be "submitted to the Imperial Diet by Imperial Order," with the condition that no debate or voting be held unless a majority of two-thirds of the members are present. The regulations with regard to amendment can be regarded as the final proof that the Japanese Constitution is a quasi-constitution, or, as it is generally called, a *Kintei*, i.e. one determined solely by the Sovereign.

National Government. The ministers are in charge of the executive administration of the state in their respective ministries to give advice to the Emperor and be responsible for it. Ministerial responsibility for administration is constitutionally established by the provision that "all Laws, Imperial Ordinances and Imperial Rescripts of whatever kind, that relate to the affairs of the State, require the countersignature of a Minister of State."¹

Since the ministers are charged with the right of giving advice to the Sovereign Emperor, and the whole administrative power is laid upon their shoulders, their executive authority could "easily overstep the limit of the laws" if they were irresponsible, so that ministerial responsibility is "the pillar supporting the constitution and the law." The constitution indicates that the responsibility of the ministers is to the Emperor, whose sovereign power has the right to decide their appointment and dismissal. Thus it is legitimate that the power of determining the responsibility of a minister rests *de jure* with the Sovereign and is "withheld from the Diet." The participation of the Diet in administration, through the ministerial responsibility thereto, is thus without any legal basis; but the Diet has the right to "put questions to the ministers and demand open answers from

¹ Constitution, Art. LV. Ito, *Commentaries*, p. 95.

them before the public," and "may also present addresses to the Sovereign setting forth its opinion," with regard to the appointment or dismissal of a minister. The responsibility of ministers, and of the cabinet collectively, is, however, in fact decided behind the scenes by the Genro, who takes into account the general public opinion as revealed by the majority vote of the Houses.

With regard to the departmental or corporative responsibility of the ministers, several factors must be taken into consideration. The Prime Minister is allowed to make representation to the Emperor on the general policy of the state, while every branch of the government is under his control. This would seem to argue for corporative responsibility, as represented by the Prime Minister, in general matters. But individual ministers are held to be responsible for matters within their competence. In this way, it was hoped by the framers of the administrative structure to avoid the growth of a "party combination" (the Cabinet as a body) which would "ultimately overrule the supreme power of the Sovereign." As a result of the growth of the party system, however, collective responsibility of the cabinet towards the sovereign power in regard to the conduct and administration of the ministers, even concerning departmental errors, has actually developed to a point where the Japanese convention in this regard is in some respects more scrupulous than the British.

At present there are twelve ministries, of Foreign Affairs, Finance, Home Affairs, War, Marine, Justice, Commerce and Industry, Agriculture and Forestry, Communications, Railways, Education, and Overseas Affairs respectively. The Prime Minister can hold any of these offices concurrently with that of Minister-President, but usually does not. The Prime Minister is the head of the administrative agency. He is the administrative "repository," but is far less independent than the President of the U.S.A., because of the invisible authorities over him. He has in the constitutional sense the power of governing the state with the support of the parliamentary majority in both Houses, except that

the military supreme commands are vested in the Emperor acting under the advice of Service counsellors. He has the power to issue cabinet ordinances, to suspend any measures or orders of any of his twelve ministries, to supervise the prefectural local administration and to command the Metropolitan Police Service directly or through the Home Department. He presides at the cabinet meetings and submits the agenda.

The relationship of the Cabinet to the Privy Council is not merely to exercise a check on hasty or biased decisions by ministers, but also to ensure that the development of parliamentary democracy will proceed only on the most conservative lines.

In considering the real influence of the Privy Council, the record on page 85 will make clear the nature of the organization.

Under the supervision of each Cabinet minister, responsible directly to the Emperor, there is a permanent secretary (Vice-Minister) who directs the actual and daily business of the Ministry. After 1924, parliamentary vice-ministers were established as a liaison between the Government and the Diet. By this system of a dual vice-ministry, it was hoped to maintain the stability of the civil service independent of any change of the cabinet, just as in Britain. But so far the principal permanent secretaries, such as those of the Home and Finance Ministries, have been changed with each change of Cabinet, owing to difficulty in working with new superiors.

The daily business of the government is carried out mainly through the unit of the Bureau, the officials of which are usually men of experience or experts in the several sectional divisions. Six Bureau directors is an average number per ministry, rising to ten in the Ministry of Communications, while the chiefs of several sections average three members (2 to 5 sections) or sometimes there are several departmental divisions above a sectional one. Besides the ministerial responsibility and legal order under their own competence, the governors of the prefectures, the

THE NATURE OF THE PRIVY COUNCIL

| Year | Average Age | Occupations | | | | | Number of Councillors | | | |
|------|-------------|------------------|-------------|---------|----------|---------------|-----------------------|-----------|---------------|-------|
| | | Princes of Blood | Politicians | Jurists | Academic | Civil Service | Military Men | Chairman | Vice-Chairman | Total |
| 1888 | 54.8 | 0 | 0 | 0 | 1 | 16 | 1 | Ito | Terajima | 18 |
| 1922 | 70.8 | 4 | 0 | 0 | 0 | 23 | 2 | Kiyoura | Hamao | 29 |
| 1924 | 70.2 | 4 | 0 | 2 | 2 | 21 | 1 | Hamao | Ikki-Hozumi | 30 |
| 1925 | 71.2 | 4 | 0 | 2 | 2 | 19 | 2 | Hozumi | Kuratomi | 29 |
| 1926 | 72.2 | 4 | 0 | 2 | 2 | 18 | 2 | Kurotomi | Hiranuma | 28 |
| 1933 | 73.8 | 3 | 1 | 2 | 2 | 13 | 4 | Kuratomio | Hiranuma | 27 |
| 1934 | 73.8 | 3 | 2 | 5 | 1 | 13 | 4 | Ikki | Hiranuma | 28 |

Note :

Privy Council since first constituted : The years mentioned here are recorded by the change of Chairmanship.

26 members.

Pres., Vice-Pres.,

24 councillors.

In 1930, increased to 25.

divisions, and twelve inspectors. The President is appointed by the Emperor upon the advice of the Prime Minister, and thus may be said to be subject to executive control. But under the terms of the law, members may not be dismissed, transferred or placed on the retired list, unless they have been guilty of conduct calling for a criminal or disciplinary trial. Inspectors, by the nature of their services, cannot occupy any other official post nor become members of the Diet.

In addition to the investigation and inspection of accounts the Board holds general or divisional meetings, for the adoption of reports, memorials to the Emperor, and the discussion of other relevant business. Decisions are reached by majority vote. Annual reports are submitted to the Emperor and are also made public. There are two guarantees of the Board's efficiency and probity, one is the independence of members from governmental, party, or political appointment or dismissal, and the other is the publicity given the reports. The fact that examination of the secret service accounts is not within the competence of the Board is of great importance in favouring extra-institutional control of the administration, as becomes evident when the position and present attitude of the combatant services is considered.

The military and naval "supreme command" provided for by the constitution or legal ordinances, raises a question of *ultra vires* regarding the authority of the Cabinet and that of the Military and Naval Staff Offices, and invasion of what is normally regarded as the civilian sphere of administration is all too frequent. This is the more dangerous when the social recruitment of the services and the ideas which inspire them are borne in mind.

On the average the officers of the Army and Navy come from the middle or lower classes, either *Shizoku* or *Heimin*.¹ Professionally, they are animated by the "guild spirit,"

¹ The former is composed of persons of Samurai (warrior) family, who after the Meiji Restoration for the most part found themselves in straitened circumstances; the latter includes the families of farmers, artisans and merchants. These distinctions are purely social.

governor of Hokkaido, and the Chief of the Metropolitan Police Board of Tokyo are under the supervision and subject to the orders of a Minister who suspends or withdraws their orders when he deems them contrary to the public interest. Accordingly, the Chief of the Metropolitan Police Board, for example, remains in office only during the life of the cabinet by political convention and he is usually recommended from one of the Imperial nominee members in the House of Peers or from among permanent secretaries in retirement.

The Minister of Finance is responsible in accordance with Imperial Ordinance No. 269 of 1898, on behalf of the government, for the control of all public finances, national and local, public currency, etc. The estimates of the coming draft Budget from all the ministries reach the Minister of Finance by May 31st, i.e. ten months prior to the first day of the fiscal year for which they are prepared. Later, the representatives of each department wait upon the Finance Minister to defend their claims in detail. After revision of the estimates, he puts them before the Cabinet in collective form by June 30 for discussion, whence they are returned after a further revision of items by July 15.

The Budget is submitted to the Diet after preliminary arrangements with the leaders of the parties in both Houses. The Budget consists of four sections : (1) General Account, i.e. two principal items of revenues and expenditures on railways, mint, monopolies and overseas territories : (2) Supplementary Estimates, i.e. deficiencies and amounts in execution by law or contracts : (3) Continuing Expenditures, i.e. public works to be continued over a series of years. The Board of Audit, according to Article LXXII of the Constitution, is authorised to supervise, inspect, and confirm the final accounts of all the central offices, except for secret service accounts, or those of a corporate body, public or private ; the receiving of government subsidies being by this nature independent of the ministries and placed beyond the reach of administrative ordinances. The Board consists of a President, three chiefs of sections or

divisions, and twelve inspectors. The President is appointed by the Emperor upon the advice of the Prime Minister, and thus may be said to be subject to executive control. But under the terms of the law, members may not be dismissed, transferred or placed on the retired list, unless they have been guilty of conduct calling for a criminal or disciplinary trial. Inspectors, by the nature of their services, cannot occupy any other official post nor become members of the Diet.

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¹ The former is composed of persons of Samurai (warrior) family, who after the Meiji Restoration for the most part found themselves in straitened circumstances; the latter includes the families of farmers, artisans and merchants. These distinctions are purely social.

while for the rest they are influenced by a simple and somewhat pathetic romanticism which they translate into a political creed. At the trials of the military perpetrators of the outrages of May 15, 1932, the accused spoke of the evils of capitalism and the necessity of reorganizing society in order to relieve the desperate plight of the agrarian communities. Their plea, so far as it was intelligible, was for a sort of "monarchical communism," a communistic equality of all subjects under the divine Emperor, in contradistinction to capitalist democracy.

The sentimentality and romanticism of the military heroism combined with the material impulse of agrarian distress, the subconscious desires of the younger generation and the professional spirit in the services, have recently combined to create a sense of soldier-peasant solidarity for political purposes. Thus the social inertia of the feudal and traditional legacy is considered by some as likely to dominate national politics within a few years, either under the present or some freakish form of militarism, because of the social frustration inherent in the capitalist system. In this connection it must not be forgotten that the military bureaucracy is well organized and has a large reservoir of secret funds. This means that in many ways it is superior in actual efficiency to the civil service. Thus resistance of military invasion of politics, as foreshadowed above, would not be particularly effective, especially when we consider the weakness of the political parties.

Local Government. The four units of local government, the prefecture, the city, the town and the village are possessed of legal personality, i.e. "*Träger*" (holder of a fictitious legal personality on the model of the Prussian local system), but there is little conception of local self-government based on the British theory of decentralization. The legal relation between the local and national governments is less close to the gradual devolution of the German federalistic system than to the centralization of the French system. The power of the Home Minister to supervise and

intervene in the local administration, and the legal admission of appeal to the administrative court on cases of disagreement between his order and the will of the local legislature,¹ are continental in character. Local government is thus a mixture of devolved central government and local autonomy, officialdom, in general terms, representing the central government and the local legislative assemblies representing the local autonomy. But it is evident that this separation cannot always be exactly maintained, for the local autonomy must also have its executive and that executive can only be furnished by officials. If those officials are at the same time dependent on the central government there is bound to be an overlapping of functions and a perpetual dualism. It is owing to this dualism that the local government has failed.

Under the local system there are two legislative bodies, the Prefectural Assembly and the Council. The prefectural assembly consists of members elected by and from among persons of 25 years of age or more with one year residence in the constituencies of the prefectural legislature and possessed of the qualifications for the national franchise. The Council is composed of the Governor, and ten honorary or paid members elected from the Assembly.

The existence of these assemblies, however, hardly serves to mitigate the bureaucratic character of the administration for a number of reasons.

Firstly, the governor and administrative classes of the executive, consist of civil servants, whose final appointment and dismissal is vested in the Home Minister. Secondly, the prefecture, in local administration, has *de facto* a monopoly of police power, which guarantees, in a modern public administration, a national hierarchy over any autonomous local government.

The main reason for the dependence of local authorities

¹ The Ordinance for Prefectures, Chapter VI, Arts. 127-136; Ordinance for Cities, Chapter IX, Arts. 157-171 (the cities are under the supervision firstly from the governor of the Prefecture and secondly from the Home Minister), so too the Ordinance for Towns and Villages, Chapter VII, Arts. 137-151.

upon the national government lies in their financial relations. The revenue of the local government in Japan is derived mainly from "super taxes" added to the national direct or indirect taxes, and special taxes. "Municipal trading" is not altogether helpful to the balance of the budget of the local government, but on the contrary is rather a social service and a financial burden. Thus the closest relationship with national finance is of necessity maintained, and this taken in conjunction with the system of Treasury Grants to the local authorities, and the large issuance of loans which must be sanctioned by the Treasury, keeps these authorities in constant tutelage. The following table shows the figures for these two last items :

| Year | Local Government (Unit 1,000 Yen) | | | Grants from National Treas- ury to Local Authorities | Net Increase of Local Bonds and Loans |
|------|--------------------------------------|-----------|---------|---|---|
| | Expenditure | Revenue | Balance | | |
| 1890 | 42,238 | 45,224 | 2,986 | 3,634,096 | 15,184 |
| 1900 | 130,663 | 147,302 | 16,639 | 8,016,617 | 7,764 |
| 1910 | 282,079 | 355,950 | 73,871 | 16,157,621 | 64,973 |
| 1920 | 949,166 | 1,153,424 | 204,258 | 73,670,337 | 499,393 |
| 1930 | 1,752,736 | 1,993,261 | 240,525 | 193,420,661 | 152,712,485 |
| 1931 | 1,496,396 | 1,496,678 | 282 | 175,411,914 | 160,670,083 |
| 1932 | 1,473,073 | 1,473,451 | 378 | 181,245,146 | 166,869,000 |

The local Assembly has, however, legislative authority over financial and administrative legal matters and the municipal trading and social enterprises—which deal with gas and electric power, tramways, workmen's settlements, housing enterprises, etc. The tenure of office for members is four years from the day of election. The assemblies can be dissolved, and ordinary and special sessions convoked by the Chairman who, except in the Prefectures, is elected.

The local government Council (composed of 10 members in the case of the prefecture, from 10 to 15 in the city, elected by the Assembly) constitutes a sort of second chamber in local legislature. The Prefectural Council has special privileges and duties as a deliberative legislature, and as a supervising power of the executive administration,

especially in finance; the members being appointed on executive committees on prefectural undertakings. The council also advises upon and examines the draft of the Budget before its presentation to the Assembly. The Municipal projects are supervised by a Standing Executive Committee on municipal undertakings, and the Council holds preliminary examination of such matters as the Mayor's planning of municipal laws, regulations, or undertakings, and monetary affairs to be discussed by the municipal assembly. The duration of membership of the Prefectural or Municipal Council is four years.

The political character of the local legislative assemblies, especially in the prefectures and municipalities, is now similar to that of the Diet. Indeed the electoral programmes are largely prepared in the central offices of the parties, and they are concerned to a much greater extent with national issues than with those of the locality. The reason for this, of course, lies in the restricted nature of the local autonomy, but the fact is that the prefectural elections are regarded more as rehearsals of national elections at which party programmes can be tried out and party popularities estimated than as events of real importance to the prefectures in which they take place.

The following table shows close similarity in the casting of votes at local and national elections :

COMPARISON OF VOTES IN PREFECTURAL AND NATIONAL ELECTIONS

| Party | 1927 Prefectural | 1928 National | 1931 Prefectural | 1932 National |
|----------------------------|---------------------|------------------|---------------------|------------------|
| Seiyukai (Conservative) | 4,359,633 | 4,239,051 | 2,950,000 | 5,674,631 |
| Minseito (Liberal) | 4,260,580 | 4,240,130 | 3,487,000 | 3,383,261 |
| Proletariat | 471,131 | 370,019 | 248,000 | 275,295 |
| Others | 866,886 | 896,952 | 391,000 | 325,269 |
| Total | 9,960,230 | 9,746,162 | 7,078,000 | 9,658,456 |
| Eligible Voters | 11,430,000 | 12,409,078 | 10,519,000 | 12,014,736 |

The politics of local government are of a low standard, since the system neither promotes local administration nor educates the electorate or elected representatives concerning actual legislative and administrative methods. Local politics have been unfortunately captured by, and become the prey of, concession racketeers. Not a session of the Tokyo Municipal Assembly has been held without bringing to light certain cases of criminal corruption.

It must, however, be conceded that Osaka is a happy exception to the general rule. Here there is a genuine local spirit and the administration has a stability and independence of the central authority not to be found elsewhere. This independence extends also to the sphere of finance, no government subsidies being required. Indeed, the city administration shows the self-reliance and liberal individualism of a business community at its best.

Regarding the right of supervision over the big municipal cities by the prefecture, there has been a movement to transfer this right to the national government, under the Home Ministry. Special statutes for the allotment of expenditures in municipal and rural affairs are provided for by law in special cases, that is, in the prefectures and the big cities of Tokyo, Kyoto, Osaka, Nagoya, Kobe and Yokohama. If a majority in the prefectural legislative assembly and council are agreed, a ratio of expenditure between the affairs of municipal and rural areas may be applied, each of which shall have the liberty of utilizing any expenditure by the concerted planning of the governors and the members concerned.

The tendency towards an amalgamation of adjacent towns and villages with the larger cities is bringing about a gradual break in the "*Stufen*" relationship between the prefecture and the city. The allotment of expenditure in the municipal and rural affairs by the prefectural assembly has made, however, for rural security, and prevented the dominance of the majority of the municipal members.

The centralized local governmental system of Japan is responsible for the national appointment of Governors and

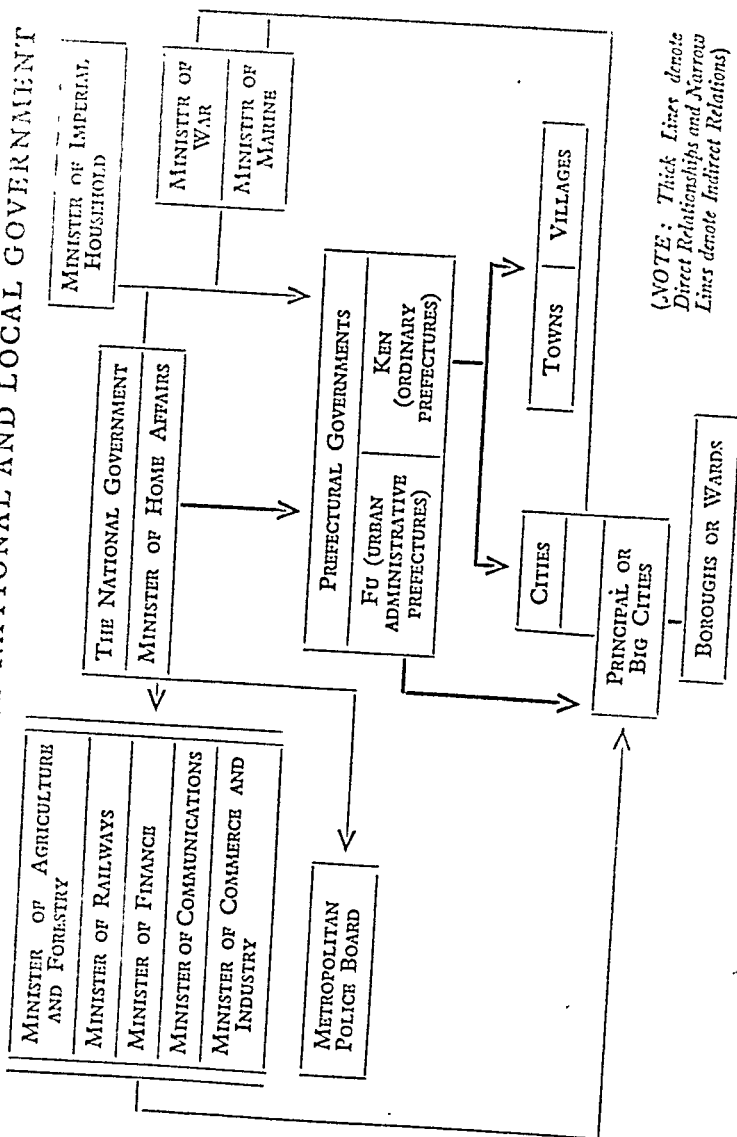
several higher (administrative) officers in the prefectures. The Mayors and Heads of towns and villages, however, are executives elected by the majority of the members of the local legislative assemblies or councils, so they are unable to act independently from the political (party) or economic interests in the assemblies. The same applies to lower servants of the prefecture and all servants of the municipality.

The Mayor's salary in the big cities is adequate, being in some cases two or three times higher than that of the Prime Minister,¹ but in the towns and villages the chief executive office is poorly rewarded, or even honorary, according to local conditions. Besides the direct governmental administration the local government law provides for "syndicates" for certain common purposes on the initiative of cities, towns and villages with the approval of the governor and with the agreement of the Prefectural Council for the execution of administrative public works, such as public health, roads, bridges, buildings and education.

The prefectural governor is controlled and supervised by the Home Minister through a governors' conference, which, first summoned in the early Meiji Era, has continued ever since under the auspices of the Home Minister. Instructions from the national government, the Prime Minister and others of the Cabinet, concerning the local administration, are carried out under the direction of the Ministry of Home Affairs. The cities below the Prefecture are of two kinds, according to the size, that is, the principal cities, with a population of 600,000 or more, and the ordinary cities. The principal six cities and a few other large ones have divisions called "Ku" (ward or borough), which are local administrative units having a juristic personality, like the city. These have, under the control of the Mayor of the city, a Mayor with an independent staff and a Council. They have the right to collect local or national taxes, and to carry out certain public works or city enterprises, i.e. the sectional administrative purpose of maintaining elementary

¹ The mayor of Yokohama received 15,000 Yen, 3,000 Yen more than the Prime Minister in 1930.

THE RELATIONSHIP OF NATIONAL AND LOCAL GOVERNMENT



schools, etc. The chart on page 94 shows the units of local government and their relationship to the central authorities.

Hokkaido has a special local government, enjoying semi-colonial autonomy under the Special Law of Hokkaido. Under the direct control and supervision of the Minister of Home Affairs, the Governor of Hokkaido Office administers the large area called the Island of Hokkaido.

The Chief of the Board of the Metropolitan Police in Japan; although clearly an official of the central government, exercises considerable influence in local politics. The tenure of office is by convention, of the same duration as that of the Cabinet, and the Chief Commissioner retires with the Premier, obtaining a seat as a nominee member of the House of Peers. The political colouring and party influence in the police administration in matters of concessions or elections stamps out the political classification so clearly that the police chief usually begins and ends his career with the party of the government which appoints him. The special law of the Board of the Metropolitan Police stipulates that the department is under the direct control and supervision of the Ministry of Home Affairs. Thus, the Chief naturally acts as a national government official, and there is a considerable over-lapping of his powers with those of the local authorities in the same jurisdictrual area.

Colonial Government. The Japanese colonial policy is nothing but the political reflection of the imperialism of the Japanese government and the "absolute necessity" in the inevitable destiny of economic expansion. The Sino-Japanese War of 1894-1895 gave impetus to the imperialist nation of the Far East which since the Treaty of Shimonoseki in 1895¹ laid a foundation in the colonial possession of Formosa, handed over to Japan by China. The humiliation

¹ Treaty of Shimonoseki: By the intervention of the three Powers (Czarist Russia, France, Germany) the Japanese government was compelled to give up the concession rights of the Liaotung Peninsula by which imperialist Russia took an advantage to secure the twenty-five years' concession from 1898 of the Kwantung Leased Territory and right of construction of South Manchurian Railway with territorial rights over railway zone.

of returning the Liaotung Peninsula (Kwantang Province) to China by the three Powers' interference brought about a reactionary indignation towards Western imperialism with an aspiration of patriotism emerging from the Eastern inferiority complex. Without this subordinate treatment in international affairs the patriotic sentiment of nationalism would not have led to the Russo-Japanese War, which was what forwarded Japan, as one of the imperialist nations in the world, to annex Korea and Sakhalin, as well as the Kwantang Leased Territory and South Manchurian Railway concession rights after the Treaty of Portsmouth.¹ By the last Great War was added the Mandated Territory of the South Sea Islands through the Treaty of Versailles under the control of Japan with the supervision of the League of Nations.

After the Sino-Japanese War the colonial administration of Formosa in April, 1896, was begun under the newly organized "Colonial Department" or "Department of Overseas Affairs." At that time that ministry supervised and controlled the administration of Hokkaido and Formosa. In August of the next year, 1897, the Ministry of Overseas Affairs was abolished and the colonial control and supervision was transferred to the Cabinet Office of the Prime Minister of the national government. The business was transmitted to the Ministry of Home Affairs in 1898. When Korea was annexed to Japan and the Korean sovereignty was transferred to the Crown and the Imperial financial security, the colonial control of the national government came under the Bureau of Overseas Affairs, in the Cabinet Office in 1910. Afterwards the colonial administration again was changed to the Ministry of Home Affairs by the governmental economy of the public finance. Later, in July, 1916, a restoration of the Bureau of Overseas Affairs in the Cabinet Office took place, but again in June, 1929, the Ministry of Overseas Affairs was re-established.

¹ Treaty of Portsmouth, 1905. (In 1915, from the "Twenty-One Demands," the term of the original was extended to "ninety-nine" years, never valid according to Chinese government.)

The early governing basis in Formosa, Korea and the Kwantang Leased Territory was military, but little by little civilian authority was gradually established. The system of administration is by no means uniform throughout the areas concerned. It varies indeed from the Korean system, under which the Governor-General is directly responsible to the Sovereign Emperor himself, to the system obtaining in Sakhalin, where the governor acts under the control of various ministries of the Imperial Government in a manner comparable to that of prefectural governors in Japan proper.

Under the Korean system actions legally requiring the Imperial sanction are put before the Emperor through the Prime Minister, the Ministry of Overseas Affairs acting simply as a channel of communication between the Governor-General and the Emperor's chief constitutional adviser. The command of the naval and military establishments in Korea are also vested in the Governor-General. The Governor-General has not only supreme administrative authority, civil and military, but is also empowered to issue legislative ordinances which have the same legal validity as the laws passed in the Diet. In general terms, Imperial sanction must of course be obtained, through the Prime Minister for such ordinances. In cases of emergency, however, the Governor-General's ordinances can be issued without Imperial sanction in subsequent default of which it must be withdrawn.

The Governor-Generalship of Formosa was established in 1896, after one year of military rule. The powers of the Governor-General are similar to those of the Governor-General of Korea, but he is not directly responsible to the Emperor, but is under the supervision of the Ministry of Overseas Affairs regarding general administration; that of the Minister of Finance regarding currency, banking trusts, loans, monopolies, and that of the Minister of Communications concerning the postal and telegraph service.

The judicial systems of Korea and Formosa are independent of the judicature of the Japanese national government.

Their courts are of three grades as in Japan proper. Since 1921 the judiciary's independence of the executive has been guaranteed by statute, the practice in this regard having been then brought into line with that of Japan proper. For the trial of political crimes, such as revolt, etc., the Governor-General opens a Special Court.

The Government of Sakhalin was established in April, 1907, after the Southern part of Sakhalin came under the rule of Japan by the Treaty of Portsmouth. The civilian governor has no military authority, and administers the territory under the supervision of the Minister of Overseas Affairs. The judicial system is integrated to that of Japan proper.

The organization of the Government of the Kwantang Leased Territory, has passed through many and varying phases since the lease was taken over from Russia under the terms of the Treaty of Portsmouth. Under the reorganization plan of 1934, the civil administration is conducted by a civil administrator, an official subordinate to the Japanese Ambassador to Manchoukuo who holds concurrently the office of commander-in-chief of Kwantang Army. The contact with the Central Government is maintained through the newly established Manchoukuo Bureau of the Cabinet.

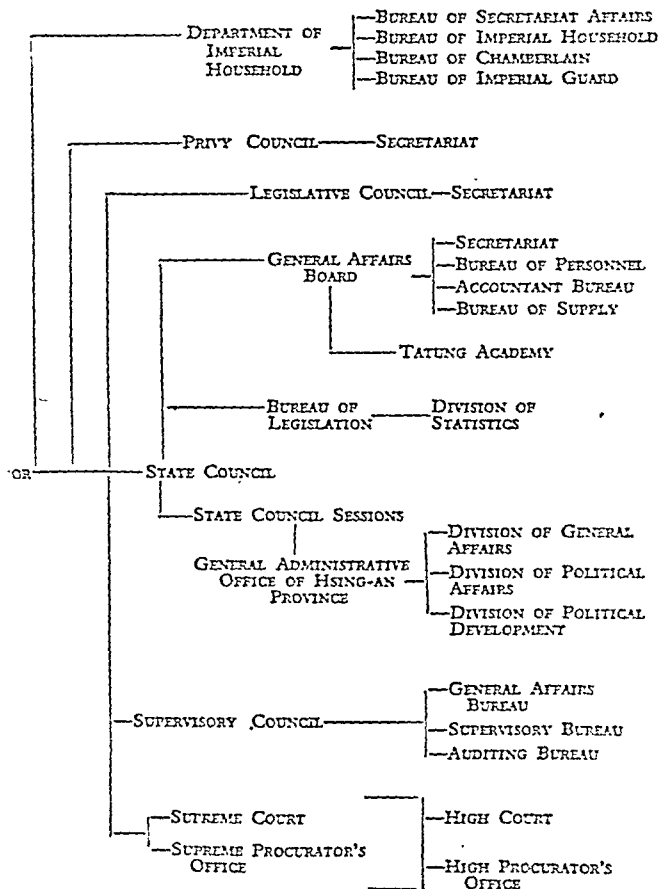
The colonial administration as a whole is conducted under the direct and rigid control of the national government. Self-government has been granted only to local areas and this under the closest supervision of the central authority. Financially also, there is no colonial independence, the budgets of the colonies being incorporated in that of the Imperial Government. Incidentally, only Formosa can dispense with a subsidy from the Imperial Treasury for administrative expenses while no colony makes any subscription to the cost of defence. In all colonies there is still a majority population of subjugated nationalities, even though the governments encourage immigration.

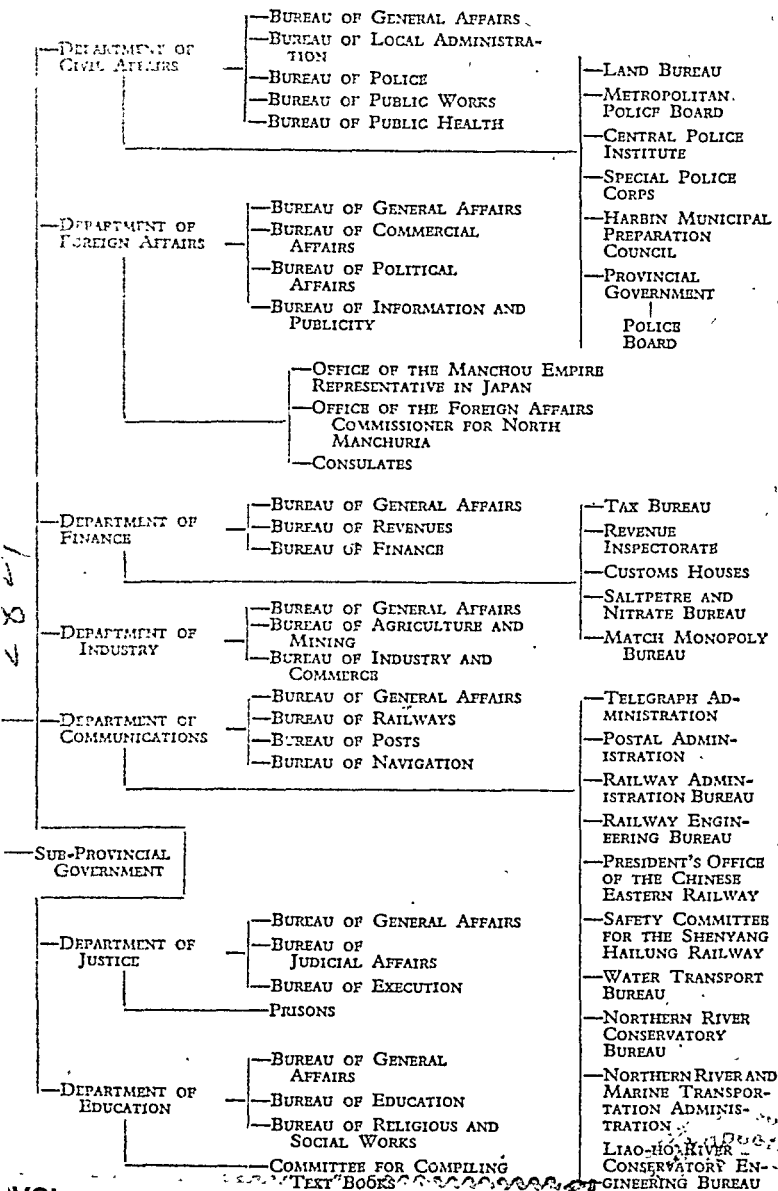
The most important part of Japan's oversea administration, both from a national and international point of view,

is that which she exercises in Manchuria, either directly in the Kwantang Leased Territory and the Railway Zone, or indirectly in Manchoukuo. The right of administration in the Leased Territory is based on the lease granted by the Imperial Chinese Government to Russia for a period of twenty-five years as from 1898. This was taken by Japan under the Treaty of Portsmouth and extended to ninety-nine years by a treaty with the Chinese Republic in 1915. The original treaty stipulated that Chinese sovereignty over the area was retained while complete administrative and military powers were transferred to lessee. This obviously permitted the partial equation of the administrative régime to that in Korea and Formosa. The only difference has been that the civil Governor has never exercised any control over the Kwantang garrison which has been in all matters subject to the orders of the General Staff and the Ministry of War, while he conducted, until the establishment of the Manchoukuo régime, diplomatic relations with the Chinese authorities under the direction of the Ministry of Foreign Affairs and supervised the business and other activities of the South Manchurian Railway Company both in the Leased Territory and in the Railway Zone. No Imperial Ordinance determines the source policy of laws applicable to the Leased Territory. The Governor is empowered to issue minor ordinances or to make minor appointments and to supervise subordinate organizations, while the Courts of Law are also under his control. The convention is that Japanese laws apply in the territory wherever relevant to local conditions.

There are many questions arising with regard to the administrative authority of the South Manchurian Railway Company in the Railway Zone, an area of some hundred square miles. The disputes among Japanese legal authorities, and between them and both Chinese and foreign jurists, turn on the interpretation of the Sino-Russian contract of 1896 which accords: "The absolute and exclusive right of administration" over "land actually necessary for construction, operation and protection of the line." Whether

DIAGRAMMATIC CHART OF GOVERNMENT ORGANIZATION OF MANCHOU EMPIRE





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this right of absolute and exclusive administration extends to municipal and political control in the railway zone or not, is the main point at issue. No matter what interpretation the jurists or politicians may adopt, the actual fact is that the political administration over this territory has been conducted by the Company in co-operation with the Government of the Leased Territory and military command, the police being directed by the Kwantang Government and the "railway guards" being under the Kwantang garrison commander. Thus, if we consider that legal sovereignty is no more than the capacity to exercise the administrative imperative, the railway zone is seen as simply an addition to the Kwantang Leased Territory and as such virtually a part of the Japanese colonial empire.

The administration of Manchoukuo is, of course, much less direct. The organization of the Imperial Manchoukuo Government is shown in the chart on pp. 100-1.

Practically all the administrative business is carried out by Japanese officials who have been trained for a long time under the bureaucratic tradition of Japanese government, but, nominally, nearly every head of department, bureau and section is in the hands of a Manchoukuo citizen. This system undoubtedly makes for a general administrative efficiency hitherto unknown in the region and certainly higher than any which could be attained by the National Government of China. But control of the administration by Japanese officials does not necessarily mean control by Japan, in view of the fact that those officials are not themselves controlled by any Japanese government agency. That these two sorts of control are not identical has already been revealed to some extent by general policy pursued. For example, the Manchoukuo government has declared itself in favour of "the open door policy." Now, this policy, with its implications of an international investment in government and private enterprises, may be of benefit to the progress of the Manchurian state itself, but is bound to infringe, sooner or later, upon Japanese interests. It is claimed, of course, that those interests are amply protected by treaty,

and it is true that the agreement of September 15, 1932, guaranteed Japanese rights in Manchoukuo in a manner far less equivocal than at any other time in the history of Japan-Manchurian relations. But obviously Japan cannot rely on treaties alone, while experience has revealed that she cannot rely completely on the fact that her subjects man the Manchoukuo administration. Her dominance must depend on specific Japanese Government agencies within the territory, and since those agencies cannot be those of an explicit protectorate, they must be those of an implicit one. Such is the reasoning, there can be no doubt, underlying the Manchoukuo reorganization plan of 1934, and it is to the exact nature and scope of those agencies that our attention must now be turned.

For an implicit protectorate to be effective, it is first of all required that the supreme representative of the protector should be endowed with the highest possible prestige. This prestige must be personal, but it must also derive the greatest possible strength from what can be called the manipulation of office. Now the weakness of Japanese representation in Manchuria before the incident lay in its multiformity both on the spot and its directions at home. That representation was shared by the Governor of the Kwantang Leased Territory, the Commander of the Kwantang Army and the President of the South Manchurian Railway Company, while the direction of that agency was shared by the Ministers of Oversea Affairs, Foreign Affairs and War, and the General Staff. When after the recognition of Manchoukuo the offices of Governor of the Leased Territory, Commander of the Kwantang Army and Ambassador to Manchoukuo were concurrently held by the same person, the first kind of multiformity in representation was removed, but the second remained. Japan was represented by one big man instead of three of varying size, but the big man was still controlled in his various capacities by various agencies of the Central Government of varying strength. Under the reorganization scheme, however, the multiformity of direction is removed.

A Manchoukuo Bureau of the Cabinet has been established, by means of which the Ambassador Commander who controls the civil administrator who replaces the Governor is made, for all practical purposes, directly responsible to the Prime Minister. Moreover, the existence of the Manchoukuo Bureau not only ensures a close and unified relationship of the Ambassador-Commander to the central authority in Japan, it also at least helps to ensure that Japan speaks with one voice vis-à-vis to Manchoukuo.

The effect of this on Manchurians cannot be underrated. By treaty Japan is pledged to the military protection of Manchoukuo, and the native leaders of the new state well know how important that protection is, both in internal and external affairs. They know that they can only control Manchuria, and Japan can only control them, by means of a force at the command of the Japanese Army. Thus they respect the Army, and every step which associates that Army with Japan as a whole (an association which became slightly attenuated during some phases of the Manchurian Affair) tends to increase their respect for Japan. A Japanese Ambassador who is also the Army Chieftain and directed in both offices by at least an approach to a unanimous agency of the central Government must be a formidable figure indeed, and one best able to fulfil the functions of the implicit protectorate, which, as we have seen, Japan must impose if, in their turn, her interests are to be effectively and permanently protected.

The Judicial System. The constitution defines the judicature as "a part of the Sovereign Executive Power," like the executive and legislative powers, but the judicial department is independent from the political authority as it is exercised "by the Courts of Law, according to Law, in the name of the Emperor."

The Code of Criminal Law and Code of Criminal Procedure are based mainly on French and partly on German Law. The Code of Commercial Law, however, is derived from German legal conceptions modified by Japanese

customs. The law of trust is an adaptation of English law regarding judiciary relationships.

No matter what theoretical legal views may have been presented before the public, the adoption of the Continental legal theory in the Japanese jurisprudence is undeniable. A Free Law Movement has arisen among the Japanese jurists as a result of the general trend towards democracy in the world and the introduction of the pragmatic conception of law by which the spirit of the common law has been recently manifested in practice, a movement which seeks to free the country from the shackles of Germanic jurisprudence.

The judicial system consists of two divisions of courts ; the Ordinary Court and the Court of Administrative Litigation.

In the Ordinary Courts there are four grades in addition to Police Courts and special courts. (1) Local courts ; (2) district courts ; (3) appellate courts ; (4) supreme courts ; and the Police Courts and Special Courts. By the Law of 1922, Juvenile Courts were organized in Tokyo and Osaka. Special courts include the courts martial, prize courts, consular courts and courts under the Governor-General of the Korean, Formosan and Kwantung Provinces.

Courts and procurators attached to them are supervised by the Minister of Justice. The official *esprit de corps* of judges and procurators is strong and based at once on a consciousness of their high legal capacity and a desire to maintain the supremacy of law to executive expediency, whilst the lawyers as a class, even though enjoying lucrative practices, demonstrate an ability inferior to the former in the court-room. The power of appointment of judges and procurators in the competence of the Minister of Justice is necessarily subject to political influence, but on the whole judicial independence is shown by the impartiality of legal procedure and freedom of judgment, a result of the privileges of life tenure enjoyed by the judicial officers.

In the procedure of the courts, civil and criminal, the Germanic conception of legal interpretation has been democratized by the common-law spirit ; the importance of fact-finding. Arbitration and conciliation procedures (resembling the judicial procedure of the Tokugawa epoch) are both now being restored.

In criminal cases, the absence of *habeas corpus* often drives the accused into a helpless condition and keeps him in jail for a lengthy period.

The trials of the court are public, unless a court decides to conduct the hearing *in camera*. Preliminary examinations of criminals are conducted *in camera*.

The Court of Administrative Litigation is organised by Statute. It exercises competence in the following : (1) cases regarding the levying of taxes and administrative fees (except tariffs), (2) cases on the recovery of taxes, (3) cases on the refusal of a licence issued, (4) cases on public works, (5) disputes concerning boundaries between public and private lands, (6) cases on local police administration, (7) numerous cases on statutes and ordinances.

Parliament and the Party System. No party organization can be developed without a constitutional parliamentary political structure. The first introduction of parliamentary ideas to Japan, just as Buddhism in the sixth century, came in the form of Chinese books on eastern systems, while the first book introducing European and American parliamentary ideas was translated from the Dutch in 1827. In 1853, S. Araki translated a book called *English Short History*, explaining the British parliament. Subsequently other American and English books were translated by various scholars and institutions, especially the Shogun's Institute of Foreign Publications. In those days the discontented and impoverished samurai were leaders of the popular movement though they had no organized force to challenge the existing authority. A party gradually consolidated with the concurrence of the powerful lords of Satsuma and Choshu, from which developed a political

revolution against Keiki, the fifteenth and last Tokugawa Shogun.

The dualism of the political system, represented by the co-ordination of the monarchical and feudal authorities, arose from the idea of compromise current at the time to the effect that a Conference of the Clans should be held under the Emperor and the Shogun. In 1862, the Kyoto Imperial Court called together a number of able nobles to discuss problems of administration. This clan conference paved the way for the subsequent Central Office of the Restoration which ultimately merged into the House of Peers after the Meiji Restoration.

In 1861, a student of Western institutions, Yukichi Fukuzawa, a member of a delegation sent to Europe by the Shogun, expressed the view that the Conference of the Clans was paralleled by the federal system of the German Federal Empire, which was based on the Emperor and the feudal member states, thus implying that the German system might easily be adopted and adapted in Japan. The social inertia at that time did not allow the realization of a reform, so that Japan pursued a revolutionary reconstruction rather than one by reason. In order to show how strange the western technique of government was to the Japanese of those days, a translation is appended of a paragraph from Fukuzawa's autobiography, describing his study of the British Parliament made after his second visit to Europe as a delegate of the Shogunate :

"I do not entirely understand what the Law of Election in politics is. Accordingly when I ask what the electoral regulation is, and what service parliament can perform, the foreigners simply laugh. The question is very well known to them, but for me it is difficult to understand. I cannot help it. There are Parties, Conservative and Liberal, both of which look like cliques and fight furiously with each other without any insurrection. How can this be? They say that it is a political quarrel, in a peaceful social order. I do not know what they are about. Although

the one and the other are as enemies yet they eat and drink at the same table. I do not understand at all. It is really a considerable effort to even begin to understand what it is. Then, after the reasons have gradually been made clear to me, these complicated systems come to be realized. It takes five or ten days. This is the greatest fruit of my trip."

Such was the stage of the understanding of political democracy by the intelligentsia in Japan in the 'sixties. The solution of problems without violence by the ultimate conquest of reason is the essence of parliamentary democracy, but the maxim was not easily realized by feudalistic Eastern publics who were accustomed only to authoritarian systems. Although a new social and constitutional structure and system can be built in a day by revolution, the transformation of the ideas and sentiments of the people to correspond to the material change is a long process of co-ordination and adaptation.

Born as they were during the decay of the Tokugawa feudalism, the Meiji pioneers were surprisingly liberal, particularly Prince Saionji, Itagaki and Okuma. Their influence on the actual administration was, of course, largely offset by the conservative Princes Iwakura, Sanjo, Yamagata and Katsura, and the Machiavellian Prince Ito. Nevertheless, they were able to contribute to the development of more liberal ideas among the people at large. Others who influenced the general political development were Yukichi Fukuzawa, and the conservative Keiu Nakamura and Jyuko Sugiura as well as the bourgeois politicians Prince Matsukata and Inouye. The socialists Sen Katayama and Isoo Abe and the Christian liberal Shimada also played their part in promoting the political education of the people and creating a more liberal atmosphere. As a result of the efforts of these personalities the second generation of the ruling classes stepped out of the bureaucratic oligarchy under the pretence of constitutionalism.

Prior to the proclamation of Parliament in 1889, the

movement for the establishment of democratic institutions was naturally little more than that of a party or clique, which not merely demanded representation but also attacked the powers of the clan bureaucracy. To the discontented a second Tokugawa Clan Government seemed to be entrenched behind the loyalty of the Emperor. Conflicts of interest between various leaders of the dominant clans supplied, of course, the practical dynamics for the breakdown of the oligarchical régime. At the same time, the balance of civil and military influences in regard to the national policy affected a great deal the party development.

Although Rousseau's conception of liberty, equality and fraternity, in his theory of contract, was essentially contradictory to parliamentary democracy,¹ his work appealed to the early liberal movement in Japan with its sentimental Latin-like revolutionary emotion. This gave the movement at once its vitality and its lack of practical constructiveness. In the first place, the party movement was accompanied with manifestations of violence more than expression, because of the lack of spiritual justification of the fundamental ideas of liberty and equality and the predominance of a mere feudalistic indignation, in the powerful clan politics, against the supremacy of the bureaucracy and the subordination of the people.

To secure governmental positions (which, though now comparatively unremunerative, were well paid in those days) was a natural aim of educated youths, when industrial and commercial employment was not yet considered worthy, as a result of the influence of the feudal class tradition. Secondly, in the party politics of Europe there has been a movement to achieve parliamentary supremacy over monarchical autocracy, whereas no one in Japan, however strongly he adhered to the belief in civil liberty and rights, could even dream of infringing upon the divine

¹ A comparison of the Social Contract theory of Rousseau with Montesquieu's *Esprit des Lois* reveals that the latter favoured the parliamentary system, whereas the former opposed it.

sovereignty so as to limit the will of the Emperor, to whom he was subject. As was once said by a political historian : " a veritable tiger of a fighter of the Liberal Party is sure to be as obedient as a cat once the discussion relates to the Throne." This inertia of unquestioning patriotism to the Emperor was, and is, due to an objective chauvinistic convenientism which has been adopted as the supporting pillar of the placid " Japanese spirit."

In 1874 Shojiro Goto, Itagaki, Soejima, Eto, with other Tosa clansmen formed the first party organs, called the *Aikoku Koto* (Patriot Public Party) and the *Rishisha* (Advancement Society) which were later amalgamated to constitute the *Aikokusha*, an organisation advocating political individualism based on the ideas of Rousseau and Herbert Spencer.

The constitutional ideals which Okuma proposed to the Emperor in 1881 were more or less based on the Anglo-American constitutional conception and political theory which would have been rooted in Japanese politics but for the fact that Prince Ito led the way towards the oligarchical bureaucracy of the Germanic *Staatslehre*, and positivist, formalist legalism. The political conflict between Ito and Okuma and the strategic victory gained by Ito through his association with the militarist, Yamagata, kept Okuma out of the building-up of the constitutional framework, and gave free access to the Germanic conceptions. With Okuma's resignation, liberal governmental officials such as Y. Ozaki, K. Inukai, S. Nakamigawa, K. Ono, S. Shimada, G. Koguchi and others retired from the bureaucracy to engage in economic pursuits or party politics. 1882 was an epoch-making year in the political history of Japan, for it saw the first active movement of party organization in the foundation of the *Jiyuto* (Liberal Party) and the Kaishinto (Reform Party) and the first adumbration of the Trade Union movement, in the organization of a union of transport and vehicle workers. From that time on, however, the partisan and rather clique-like sentiments were so strange, and sometimes so extreme, that political action

often went beyond expression of opinion and took the form of assassination or other acts of violence, under the influence of Oriental traditions of heroism. To the Japanese, feudalistic and sentimental characteristics, the dramatic, romantic appeal, have often proved an obstacle to parliamentary party politics, unlike the result of the utilitarian calmness and clear judgment of those born in an environment of pragmatic logic. In the early parliamentary stage, like that prior to the Reform Bill of 1832 in England, the party was symbolic of the politicians grouped by interest at the time of the election. During this time the words "parliament" and "liberty" were merely slogans to appeal to the simple-minded men of liberal inclinations. The parties, no matter whether they were with, or against, the government, were treated as tools by the government, which manipulated votes by governmental strategies. But in 1900 Prince Ito saw the necessity of forming his party in order to guarantee the effective supremacy of the bureaucracy. From that time onward the party system began to organize, although most of the party politicians, Okuma or Itagaki, the liberal veterans, or Ozaki and Inukai, the radicals of that day, were brought up in the cradle of the early Meiji bureaucracy.

Divergent opinions between the politician Ito and the bureaucratic militarist Yamagata, within the same Choshu Clan, regarding the political activities of the Genro, brought about the former's departure from the closed oligarchy. The inclination of Ito towards bureaucratic diplomacy, and his formation of a new party, the *Rikken Seiyukai*, on the basis of the *Jiyuto*, showed him to have more political foresight than the average bureaucratic leader. Thus the *Jiyuto*, with its heroic liberal traditions represented by Itagaki's famous remark of 1882, "Though Itagaki be killed, liberty shall live for ever," dissolved into a union with a new and an old conservative party under the leadership of the master-bureaucrat Ito. The aims and objects were nationalistic in character, bureaucratic in temper, and democratic in pretence, as an inevitable result of Prince

Ito's acceptance of the party leadership, for these political ethics and views fully coincided with his own. With his oligarchical temper and training, Prince Ito could not retain the presidency of the party more than three years. In 1903, he was succeeded by Prince Saionji, and accepted appointment as President of the Privy Council.

Meanwhile, the Okuma-Itagaki groups revolving round the Shimpoto had had a checkered career. In 1898 they had actually formed a Government lasting four months. But after that they had split into two groups, largely on personal grounds, with the result that their influence had seriously declined. But it was increasingly evident that constitutionalism was in the ascendant, so that other discerning oligarchs than Ito looked round for party support. It was General Katsura who played the rôle of Ito for the progressive groups. After attempts extending over three years to form a new party of his own, which would support policies more in accord with his reactionary beliefs, in February, 1913, he placed himself at the head of what was known as the *Rikken Doshikai* (Constitutional Associates Society), which the progressive leaders of politics who had for years been his opponents joined in a body with the exception of a small group led by Tsuyoshi Inukai. Katsura was, of course, prepared to come some way to meet the liberals, and so under the influence of Saburo Shimada, Masami Oishi, and Tokitoshi Taketomi, all famous liberals, the new party became a liberal one based on the industrial and commercial interests of the cities or towns vis-à-vis to the *Seiyukai*, whose political basis was the landed interests of the country constituencies.

After the death of Katsura, the presidency of the *Doshikai* passed to Baron Kato, a prominent diplomat and brother-in-law of the Mitsubishi millionaire, Baron Iwasaki. Under Kato the party's name was changed to *Kenseikai*, and with this change the last shred of Katsura influence was thrown off. The party had been strengthened by its association with the last government of Okuma (1911-16), and when he resigned, he recommended Kato as his successor. This

recommendation was ignored, however, by the Genro, and another oligarch, Marshal Terauchi, was appointed.

The election of 1917 gave a majority in the house to the *Seiyukai*, which was supporting the super-party Terauchi Ministry. When that ministry fell in 1918 as a result of agrarian disturbances, the party leader, Kei Hara, was appointed Prime Minister.¹ Hara was one of the ablest party politicians Japan has ever had, and his government was the first responsible party government in her constitutional history. He was the first Prime Minister who had no title of nobility or military rank and who formed his cabinet entirely with party men, with the exception of Foreign, War and Marine portfolios. He remained in office for nearly three years, after which he was assassinated by an insane youth. The murderer always asserted that his decision to kill Hara was a personal one, but since he also talked a lot about the corruption of the party régime, it has always been suspected that he was inspired by one of the groups of gangster reactionaries which have been the bane of Japanese politics.

After the death of Hara a period of oligarchical ministries supervened, during which, however, there was a good deal of new party formation and changes in the personnel of the existing parties. In 1922, the Kakushin (Reform) Club was established by the independents and old liberal leaders, Ozaki and Shimada, in amalgamation with the national parties which advocated universal franchise, the development of economic and social reform by means of revision of the systems of taxation and local government. The industrialist, Sanji Muto, who was inspired by his appointment as the first Japanese Employers' delegate to the International Labour Conference at Washington, formed in 1923 the Jitsugyo Doshikai (Business Men's Association) for the protection of big industrial interests. But though Muto declared his party to be representative of business circles, the big magnates such as Mitsui or Mitsubishi had

¹ From 1900-3, and from 1908-15, the *Seiyukai* was the largest party in the House of Representatives possessing an absolute majority.

already formed certain political partisan relationships of their own, so it could not get their support and was dissolved in April, 1929.

The general election of 1924 gave no effective majority to any party.¹ But it was clear to the Genro that the public had had enough of the super-party governments, especially as the latest of these, that of Viscount Kiyoura, had been literally hounded out of office by popular clamour. The leader of the *Kenseikai* therefore, Baron Kato, was invited to form a ministry. This he did by enlisting the support of the *Seiyukai* and the *Kakushin Club*. This coalition was extremely unsuitable but it survived to carry through parliament one of the most important measures in Japanese constitutional development, the manhood suffrage bill of March, 1925. For two more years, however, the government was more or less controlled by *Kenseikai* leaders, as the result of a series of alliances with minor groups.

The death of Baron Kato in January, 1926, led to the appointment of Reijiro Wakatsuki, next in order in the *Kenseikai* hierarchy, to the office of Prime Minister. He, however, had to deal with the postponed consequences of the too rapid economic expansion during the war, and as a result of the acute financial crisis of 1927 he was forced to resign.

He was succeeded by General Baron Tanaka, leading an all-*Seiyukai* government. Since 1925 the party had been gathering influence throughout the country. It had secured as leader the Choshu military clansman, Baron Tanaka, who was in favour with the powers behind the throne, and, on the other hand, it had enlisted the support of Inukai of the *Kakushin Club*, one of the outstanding liberals, who had the ear of the electorate. This was a formidable and paradoxical combination and one which its engineers considered likely to secure a long period of *Seiyukai* dominance once the party attained office.

¹ In the election of May, 1924, there were: 155 *Kenseikai*, 101 *Seiyukai*, 29 *Kakushin Club*, 140 *Seiyuhonto* (a group of dissentients from the *Seiyukai*), 42 *Chusei Club*, 8 *Jitsugyo Doshikai*, 16 Independents.

In the event, the Tanaka Ministry proved to be one of the most unpopular in the modern history of Japan and, after having been discredited by its abortive attempt to manipulate elections in its own interests, by severe administrative scandals, by the controversy over the clause "in the name of their respective peoples" in the Kellogg Pact, and by the mysterious assassination of the Chinese dictator in Manchuria, Marshal Chang Tso-lin, resigned in July, 1929, to be succeeded by another *Kenseikai* (now *Minseitō*) Ministry under Yukio Hanagachi.

Meanwhile, the passing of the manhood suffrage law had led to the emergence of proletarian political parties. At the outset there were three divergent labour and socialist groups. On the left was the *Rodo Nominto* (Labour-Farmer Party) led by Professor Ikuo Oyama on the basis of various agricultural and industrial trade unions, in the centre the *Ronoto* (Labour-Farmers' Party) led by Kagawa and Sugiyama; and on the right was the *Shakai Minshuto* (Social Democratic Party) led by Isao Abe on a basis of the Japan Federation of Labour, the Japan Seamen's Union, and the party of the more conservative farmers known as the *Nominto* (Farmers' Party). Under various names, and in spite of numerous splits and reunions, these four divisions have persisted to the present day. In 1928 eight Proletarian members were returned to the House¹ and this result much encouraged the socialist movement in Japan. At the next election, however, the proletarian representation was reduced to five owing to conflicts within the movement. In spite of efforts in 1931 to form a united Proletarian front,

¹ 1928. Labour Parties. After the first Manhood Suffrage General Election :

| Party | Candidates | Seats gained | Votes |
|---------------------------|------------|-----------------|----------------|
| Labour-Farmer Party | 40 | 2 | 193,028 |
| Social Democratic Party | 19 | 4 | 128,756 |
| Japan Labour-Farmer Party | 13 | 1 | 86,975 |
| Japan Farmer Party | 13 | 0 | 46,180 |
| Local Proletarian Parties | 3 | 1 | 37,282 |
| <i>Total</i> | <u>88</u> | <u>8</u> | <u>492,221</u> |

the old divisions still persisted and in the election of 1932 again only five members were returned, and under precisely the same agis as before. After the Manchurian Incident of 1931, a variety of national-socialist groups appeared, still further to add to the confusion in the proletarian camp. The policies and outlook of the proletarian movement are discussed in greater detail in Chapter IV.

The period of office of the Hamaguchi Government is often referred to as the golden age of constitutionalism in Japan. Except the service ministries, all portfolios were held by party members and even the Minister of War, General Ugaki, was closely associated with the party movement. The Prime Minister was an ardent champion of the constitutional as against the unseen powers. Over the London Naval Conference of 1930 he resolutely and successfully resisted the attempts of the Naval General Staff to dictate the policy of the civil Government. No less resolute was he in his dealings with the Privy Council. With a foreign policy of liberal internationalism pursued by Baron Shidehara, a financial policy of retrenchment pursued by Junnosuke Inouye, the Finance Minister, and a general policy of anti-militarian and democracy pursued by the Government as a whole, Japan looked like becoming a second England, and the hopes of all advanced thinkers ran high.

But the reactionaries were not to be so easily defeated. There was still patriotism and depression to be exploited. Early in 1930 Hamaguchi was shot at Tokyo Station to die as the result of his wounds some months later. The assassin claimed that he was acting from patriotic motives, and in order to punish the Prime Minister for his unpatriotic behaviour over the London Naval Treaty. Little attention was paid at the time to these justifications and the act of violence was generally condemned. Hamaguchi was succeeded in the Premiership by Wakatsuki, but the Government was clearly weakened, while the reactionary tide of opposition to it grew in strength, an opposition supported, for the temporary advantages it offered, by the

Seiyukai. The Manchurian Incident in 1931 gave just the stimulus to patriotic general sentiment which the reactionaries required. The Government was condemned for the weakness of its China policy, and for its betrayal of national interests in Manchuria and London. It fell amid a torrent of obliquy in December, 1931, to be replaced by a *Seiyukai* administration under Tsuyoshi Inukai.

The *Seiyukai* stalwarts were soon to learn the unwisdom of the support they had given to the reactionary movement. They won an election in 1932 and secured a majority over all parties in the House. But this was not the source of strength that it might have been in other days, for the reactionary tumult went on and was directed not only against the *Minseito* politicians of the past, but against all politicians. The association of big business and party politics which had existed for at least twenty years, and been generally tolerated, was suddenly seen as an intolerable iniquity, to be swept away at all cost. Party politicians were represented as venal traitors full of corruption and all evil, and in this atmosphere occurred the assassination of the Prime Minister, together with other acts of violence, on May 15, 1932, by a group of young naval officers and military cadets.

This was clearly the end of party power. The unseen powers realized that the popular excitement was too great to permit of the advent to office of any mere party politician. Thus a sort of compromise Government was established under Admiral Viscount Saito with party support as his parliamentary justification and military tolerance as his *raison d'être*. The same form of Government continues to this day. When it became evident that departmental scandals could occur even under a non-party régime, it was felt desirable to change the personnel of the Ministry, and a new Admiral, Okada by name, was installed in the summer of 1934. This time, the Government has no support from the *Seiyukai* but seems able to dispense with it, while party politics have resolved themselves into a sterile game of irresponsible heckling. Still the *Seiyukai* retains its majority

in the House and votes with regularity and enthusiasm against every proposal of the Government which has no particular importance. Such, roughly, is the history of party politics to the time of writing.

This survey would not be complete without some outline of party organization. It follows from the nature of Japanese parties and indeed from that of the centralized system of government that party organizations which have attained a national scale have been organized from the outset on a national scale. Such local organization as exists has been like most of the local government institutions, introduced from above. The control of the central party organizations over the constituencies may be weak in the sense of exerting a sustained influence over large bodies of voters. But at least it is undivided. There is no such thing as conflict between a highly organized local party organization and the central authority. The carpet-bag candidate is a familiar figure in England and America. In Japan it might well be said that the whole machinery of party is of a carpet-bag nature. This statement is borne out in no way more effectively than by the conduct of prefectural elections.

Political parties as such have no official recognition. There are no laws on the Japanese statute book which refer to the existence of such parties, much less give them formal recognition. The nearest approach to legal cognizance being taken of them is found in the Police Peace Preservation Law of 1900, Art. 8 of which empowers the Home Minister to dissolve "associations for a political purpose" if he decides that they imperil the national peace, and explains how the police can break up indoor or outdoor meetings organized either by such bodies or private individuals if the need is deemed to arise. Moreover, the electoral law makes no reference to the existence of parties, candidates standing always officially as individuals. Even the internal regulations of the House of Representatives contain no direct reference to those bodies, although, as we have seen, in actual practice every effort is made to secure

effective representation of the various parties on the standing committees.

Up to this point, the legal fiction of the non-existence of parties is not of very great importance. Important difficulties arise, however, out of the fact that a political party is not a juridical person, and therefore cannot possess property in its own name. Obviously, there has to be some working device to provide for the holding of immovable property, and in the case of the two major parties the methods adopted differ slightly. The impressive headquarters of the *Seiyukai* and certain estates in the neighbourhood of Yokohama are held by an organization known as the "Shibazono Club." This club was founded by certain members of the *Seiyukai* obviously for the purpose of providing for the corporate existence of the party. It is described as an ordinary social club and comes within the category of all associations of that nature. The funds derived from that property in Yokohama, together with certain sums forthcoming from the legally private accounts of various prominent members of the party, are used for meeting the running expenses.

The *Minseito* has an equally impressive building as its headquarters, but this, like all the other property of which the party disposes, is legally in private hands. The building was put up as the headquarters of the *Doshikai* and is still legally the property of the family of a private member, a Mr. Katsundo Minoura who paid for it in the first place. Expenses of the staff are met by transfers similar to those adopted in the case of the *Seiyukai*.

At the head of each party is the *Sosai* (the President). He obtains his position in various ways. In the case of the *Seiyukai*, Ito was obviously the president because he founded the party. He nominated Saionji, and Saionji nominated Hara. Hara was assassinated and obviously incapable of nominating anybody, and Takahashi, becoming Prime Minister, was appointed party president by decision of the headquarters staff on the advice of Saionji. Takahashi on his retirement nominated Tanaka, but the party members

were eager to secure an elected President, and so decided to reject Takahashi's nomination. Nevertheless, when the election was actually held, Tanaka obtained the post, with a term of office fixed for 7 years. After Tanaka's death, a party meeting was held for the election of his successor, but the decision reached was to entrust Takahashi with the task of nomination, and so he alone nominated Inukai. After Inukai's murder, Suzuki was duly elected and the prescription of period, 7 years, again became operative.

With regard to the *Minseito*, with its shorter life as an effective party, it is only necessary to trace the system of presidential appointment back to the *Doshikai*. Kato was nominated by those associated with the formation of the party named Oishi, Oura and Sengoku, fairly obviously with the consent, if not on the advice, of Okuma. When the *Doshikai* united with the Okuma *Koenkai* to form the *Kenseikai*, Kato was elected President of that organization. After Kato's death, Wakatsuki was elected, and after his resignation and the subsequent forming of the *Minseito* in conjunction with the *Seiyuhonto*, Hamaguchi was elected President of the new organization. Wakatsuki was re-elected after the death of Hamaguchi. It would thus appear that the *Minseito* has tended to favour election and the *Seiyukai* nomination, but in fact the decisions in both cases have been largely reached by important members of the headquarters staff. The most important reason for this is that the electorate in such cases is an extremely vague entity. Moreover, there is no panel of candidates prepared officially in advance by headquarters, nor any locally adopted prospective candidates. Neither are the actual members of the House of Representatives organized within the party in any way to distinguish them from party members. Thus it is that there is no body large or small really capable of electing a president in such a way as to indicate clearly that the choice is the choice of the party. Such elections as have taken place have amounted simply to expressions of opinion by a few hundred members of the party who have happened to turn up at the meeting,

guided by the very clearest indications from the headquarters staff. As far as one can judge, and in the opinion of many competent observers, the presidents so far chosen, with the exception of the late General Tanaka, have been roughly the best men that the respective parties had available at the time of choice and there is no reason to suppose that an election under any of the forms available would have brought about any better results. It is true that two of the most recent appointments were clearly compromises. The death of Tanaka in 1930 found the party divided as to the rival claims of Mr. Tokonami, the former leader of the *Seiyuhonto*, and Mr. Kuhara, Tanaka's right-hand man. Had the party really been thoroughly canvassed, it is probable that Tokonami would have been elected, but then just as probably the Kuhara faction would have deserted the party. Thus the nomination of Inukai preserved the party unity and produced as good a leader as either of the other two. Much the same thing occurred in the following year when the *Minseito*, by the death of Hamaguchi, was faced with the necessity of finding a leader, and hence a Prime Minister whilst in office. The two candidates with the strongest followings were both in the Cabinet. Mr. Adachi as Home Minister, and General Ugaki as War Minister. Wakatsuki was outside, being simply an adviser of the party. Again if the party had been thoroughly canvassed, Adachi would doubtless have been elected, and he certainly has more of the qualities of a party leader than Wakatsuki. Fear of offending the Ugaki faction, and through it the army, with which in any case they were not on particularly good terms, caused the party managers to back the reappointment of Wakatsuki, who it was thought would prove acceptable to all. In point of fact, however, this compromise did not work.

Another feature of the system with regard to party leadership is that the office of Home Minister is regarded as a stepping-stone to the party presidency and hence to the office of Prime Minister. This is a result of the development of party tactics for which Hara was so much responsible.

The system of influencing elections in favour of the Government of the day was not invented by Hara. But Hara saw how this could be useful in the party game once a party government got into office. He it was who, as Home Minister, grasped the importance not only of having party Prefectural Governors and party men in the lesser offices in the local administration, but also of filling the Home Office itself with party men. The Home Office had always been an election headquarters. The clansmen ran the elections from it in the same way as they ran the local government. But Hara turned it into a party headquarters and obviously one of the most important of the party headquarters. Other ministers and party leaders might get the money for winning elections, but only the Home Minister knew exactly how to use it. From Hara's time onward, then, the Home Minister became ex-officio the chief manager of elections when the party was in power. In the *Seiyukai* the tradition has been well followed up by Dr. Suzuki. On the *Minseitō* side, the tradition was carried on by Wakutsuki and Adachi, the latter to so good effect that he earned the title in Japan of "the God of the Elections."

What are considered to be the necessary qualifications for a party president? Obviously he must have outstanding ability and general popularity, combining the capacity to lead with the capacity to get on with a great number of people. In short, he must possess the qualities of the party leader in, say, Great Britain or France, although skill in debate and a capacity for popular oratory are less important. His parliamentary duties are short and outside the Diet he does infinitely less public speaking than his counterparts in European countries.

Much more important is his capacity to raise money for the party funds. For the fact that a party presents itself to the public imagination as having little or no entity apart from its leaders makes personal capacity to get money extremely important. The question is solved when the aspirant himself is wealthy, as in the case of Tanaka, but more often it is a question of finding wealthy backers,

and here, of course, ability, family and school connections and prestige play an important part. Baron Kato, for example, married into the Iwasaki family and thus, it is asserted, secured a more or less blank cheque on the Mitsubishi millions, for which reason his ministry was always called popularly "the Mitsubishi Government." Hara got his financial backing because he was so obviously able as a leader of men, and the people with the money considered that in backing him they were making a good investment.

The president, as he aspires to be Prime Minister, has not only to lead the party and find a good part of the money to run it, he has also to commend himself to the unseen powers, and this can be done by a distinguished career in the Civil Service. Takahashi, Wakatsuki, Hama-guchi, all had distinguished careers in the Finance Department, Suzuki in the Department of Justice, Tanaka in the Army. Only Hara and Iunkai were politicians pure and simple and the former began his career as a minor civil official. With the short Diet session and the general manner in which the Diet is conducted and regarded, it is extremely difficult for the ordinary politician to make sufficient mark even to be considered for the post of president.

Once installed in office, the president has very wide powers, practically amounting to the capacity to nominate all the other members of the headquarters staff. This staff in both parties is extremely large and certainly much larger than the actual work of the headquarters demands, the reason being the necessity for giving some apparently dignified position to all those influential members of the party who are either in the position to provide funds themselves or who can find friends to do so for them. Under the president, or possibly of equal importance with him, each party has two or three advisers. The advisers are elderly members of the party who have obtained some sort of eminence which precludes their occupying any subordinate position or who have definitely retired from active participation in party affairs. These advisers naturally wield a

great deal of influence in party affairs on account of their past experience, the prestige which they enjoy in common with every politician in Japan provided that he gives out that he has retired from politics, and their capacity to raise funds from their numerous friends, acquired in a long life.

The manner in which money is raised also shows how very little spirit really exists. At the time of the General Election of 1928, the first under Manhood Suffrage, it is estimated that the *Seiyukai* spent about ten million Yen, and the *Minseito* a little less. In the case of the *Seiyukai*, the members of the Headquarters Staff, and a few of the wealthier candidates, put up about half this sum, the rest was found by the president, mainly in the form of contributions from business men or Government subsidized Banks and Companies. In the case of the *Minseito*, Wakatsuki, Tokonami, Adachi, Kataoka, Egi and Machida offered about two hundred thousand Yen each, and the late Mr. Hamaguchi found the rest, again almost entirely by outside contributions from big business at home and in Manchuria.

It can thus be seen that, at a conservative estimate, nine million Yen was raised by what can be called special extra-party contributions. Now it might be supposed that the contributors, companies or individuals, were consistently devoted to one party or another. This would be fairly natural. The body of policy represented by one party is conducive to the interest of this or that firm or industry, and therefore it receives their support. Then again there may be traditional associations between certain business houses and one or other of the parties. These latter associations actually do exist. It is well known that the houses of Mitsui and Sumitomo, for example, are for a number of reasons, family relationship and educational associations, etc., bound up with the *Seiyukai*, whereas Mitsubishi, for the same reasons, is associated with the *Minseito*. But there the cleavage, such as it is, ends. Other capitalists gave to this or that party according to their estimates of the possible

success of the recipients, and in the case of all the big companies they gave to both parties. Thus the party game was kept going, largely by subsidies from people who thought it wise to keep in with party leaders in general, but who were not particularly interested in the fortunes of any one particular party.

In the more direct management of party affairs the body coming immediately under the president is that known as the *Somu* or Managers' Council, consisting of a chairman and a dozen or so members. The duties and titles of these various managers differ a little in the two parties, but both have a chief treasurer, a chief of party affairs, a chief of the party agents and chief of the political investigation committee. It is this political investigation committee which is mainly responsible for the formulation of policy, and apparently the *Somu* at the head thereof can nominate such members of the party, either in or out of the House, as he deems necessary or desirable. The other *Somu* offices are more important in title than in fact, and the whole body of the *Somu* is generally more concerned with getting influential supporters for the party, collecting or donating funds, and keeping the central membership together by tracking down factional movements and bringing pressure to bear on them, than on extending the party's influence throughout the country and making the various ramified arrangements which have to be made in preparation for elections.

It is this work of extending the influence of the party that falls to the chief secretary, called by slightly different names in Japanese in the two parties, but having essentially the same meaning. He is the key man in each party and, if successful, the man marked out for future presidency. Both Hara and Adachi first distinguished themselves as party chief secretaries.

Under the chief secretary come the secretaries, of varying numbers, who look after the work in the constituencies in collaboration with the chairman of the local branches. It is to be noted that according to party regulations in the *Seiyukai*, only the secretaries and their chief receive any

reward for their labours, a sum of 25 Yen a month, described as "pocket money," while in the *Minseito* only the chief secretary receives 200 Yen per year. A survey of the central organization would not be complete without reference to what is known as the *Ingai-dan*, a sort of party police force attached to each headquarters. The duties of the members of this body are many and various. They guard the persons of their own leaders, and on occasions attack the persons of the leaders of the opposing party. At election times they look out for infringement of the election laws by the agents of the other parties, and themselves engage in some of the more dubious methods of securing votes.

Party membership is a very vague term, as applied to Japan. The two main party headquarters have registers of their members throughout the country, but these lists consist of a heterogenous collection of people who can be relied upon to do odd jobs for the party in return for a proper reward, people who for one reason or other have voted *Minseito* or *Seiyukai* as the case may be in this or that election, and only relatively few who have consistently given support to one or other of the parties and regularly expounded its policies in the constituency. Apparently, too, there is no regular subscription, or for that matter any regular or uniform obligations of any kind, imposed on these so called "members." In the constituencies themselves it is well known that active political workers change their party incessantly, and what is the most astonishing thing of all is that numbers of people are registered as members of, and act for, both parties simultaneously.

Such in outline is party organization in Japan at least among the bourgeois parties. The main lines of organization are the same even in the proletarian parties, although, of course, some funds are drawn from the connected trade unions and some from small contributions of active members. Even in these parties, however, there is a tendency to seek out wealthy patrons, and it is just this system of patronage which, on the one hand, has discredited the political parties with the public and, on the other, militated

against the growth among them of any genuine political principles or independence of spirit.

Civil Service. Under the oligarchical and semi-constitutional régimes, such as have existed in Japan since the Meiji Restoration, it is obvious that the official must occupy a position of great importance. He is Government to a people with no sense of popular control, and he is the man on whom the leaders of the country must rely. Now it must at least be put to the credit of the Meiji oligarchs that they did set up an extremely efficient body of officials to whose efforts the remarkable progress achieved by Japan in the early years of her emergence as a modern nation are largely due. They threw the public service open to all classes under the terms of the Constitution, but recruitment was effected by an examination system which ensured that only graduates of the higher Government schools, trained under the official system, could secure appointment. In this way they secured the services of a body of men homogeneous in outlook and training, well equipped with knowledge but unburdened by too many ideas, and devoted to a life of steadfast devotion to duty inspired by consciousness of being an agency of the Imperial will. The Civil Service as it is to-day is the result of the superimposition, on this base, of influences emanating from party politics, and modifications of the examination system.

The civil service system was inaugurated in 1885. An open examination was first held in 1887, with exemption to graduates of the Imperial University and other certified schools. With the increase of private universities and the spreading influence of party politics came an immense number of claims for exemption from the civil service examination, with the result that in 1893 it was enacted that all candidates must pass the examination.

In 1896 it was judged politic to make special appointments of second rank without any examination, and in 1898 the first party government under Okuma and Itagaki indulged in a wholesale distribution of higher

official posts to their party supporters. This caused great concern to the oligarchs, and Prince Yamagata was instrumental in the promulgation of three Imperial Ordinances which brought all civil service posts of second rank under the examination system. During the 1919 party government of Mr. Hara, a number of positions in the higher ranks were opened to non-career men. In 1929 the social Sciences were included in the list of optional subjects for the higher examination, while the compulsory subjects were reduced in number.

The Japanese civil service is of four ranks and fourteen grades as follows : (1) *Shinnin* (members appointed by the Emperor directly), (2) *Chokunin* (members appointed by the Emperor indirectly), (3) *Sonin* (members appointed with the Emperor's approval), (4) *Hannin* (members appointed by a superior officer). Generally speaking, prime ministers, cabinet ministers, privy councillors, governors-general of Korea and Formosa, ambassadors, and the highest judicial officers, along with a few university professors, hold the highest rank, of which there is only one grade. It is to be noted here that there is no distinction made between the political and the civil services as in England. While a minister holds office he is an "official" in the same way as his departmental subordinate. This position is not, of course, anomalous in Japan as it would be in Britain, since there is still a majority of ministers who have begun their careers in the civil service in the ordinary way by passing the examination and have subsequently worked their way up. Appointments to posts of *Shinnin* rank, since they are made by the Emperor himself, are not subject to the Civil Service ordinances and therefore need not be made from among career men.

In the *Chokunin* rank there are two grades. *Chokunin* officials include vice-ministers, judges and procurators, directors of bureaus, prefectural governors, and a considerable number of higher grade members of the educational service. In this rank too certain offices are formally excluded from the scope of the general civil service

regulations. The *Sonin* rank, which includes all other executive or "higher" officials, is divided into seven grades. In the Fourth rank, *Hannin*, there are four grades, occupied by clerical officials.

The rules of promotion are not yet determined by law except in the case of military officers. Promotions are made largely in practice on the basis of records of service and seniority. The retirement law passed in 1923 replaced all laws and ordinances concerning both the civil and military services. It increased the main rate of civil service pensions from one-fourth to one-third of the salary, and military pensions by thirty per cent. There is no age limit except that for judicial officers, but the maximum term of service is forty years. Officials contribute one per cent of their monthly salary to the pension fund. In general, officials may retire on pension after fifteen years service. Additional pension is allowed for each subsequent year of service up to a maximum of one half the salary received on retirement. "Higher" and "Ordinary" Disciplinary Committees are established to advise the competent executive on dismissals, reduction of salaries, etc., and decisions are taken on the basis of such advice. A dismissed official is entitled to appeal to the Court of Administrative Litigation.

The regulations specify three causes for dismissal from the service: incapacity for duty, an excess of staff owing to administrative organization, and abolition of the office held. It is obvious that the two latter causes lend themselves to manipulation by unscrupulous executive officers. In the Home Office particularly "administrative reorganizations" have been of fairly frequent occurrence, resulting in the dismissal of large bodies of officials, to be followed by yet other "reorganizations" which involved the promotion or employment of almost identical numbers of other officials. But removal for purely political reasons is but generally effected in this direct way. The regulations permit the "temporary retirement" of officials "because of business arrangements in the office" to which they belong. Temporary retirement carries with it no duties, and

one-third of the ordinary salary. Temporarily retired higher officials and lower officials, who are not re-appointed within two years and one year respectively, are understood to have been dismissed from the service. It is under this system that "permanent" officials of political colour are changed about with every change of minister or government. Two years, it is to be noted, is very near the average life of a government, so that very often an official "temporarily retired" for political reasons just has time to get re-appointed before he is automatically dismissed. For some appointments, notably those of prefectural governors, there is an almost complete "shadow force" on the "temporary retired" list.

Dominant political sentiments in Japan are a natural outgrowth of the fact that capitalism was introduced here not as a gradual process but *en bloc*. Whereas in general terms the capitalist system in the west overthrew feudalism, in Japan it was simply superimposed on feudalism ultimately to replace it. The process of overthrow in the west involved a strong intellectual clan; the process of replacement in Japan involved little but itself. The western intellectual clan was towards liberty of the individual, and this in its turn involved a critical outlook towards political institutions. This is missing in Japan. Naturally a certain amount of individual initiative was cultivated by the mere replacement of feudalism by capitalism, but generally speaking the intellectual attitude of acceptance promoted under feudalism was simply transferred to the political of the capitalist system.

It is important to notice this. The feudal traditions of loyalty and acceptance of authority have acted as a reinforcement of the newly imported capitalist system originally based on entirely different traditions, and the critic of the social foundation in Japan is commonly regarded as a traitor or a rebel. The introduction of the superficial mechanism to democracy has not changed this. The dialectics of democracy can be handled by Japanese politicians, with some skill and much enthusiasm. But the

authoritarian tradition has always been so strong that the very releases which democratic systems gave have never really been regarded as anything more than an opportunity to extract something from authority. Much has been heard of the corruption of Japanese parliamentary politics. Whether that corruption has been greater than elsewhere is open to question. But in any case, it can be traced to the fact that the idea of political responsibility has never really caught on in Japan. The new machinery provided certain opportunities for wrestling personal or group advantages out of the business of government. Why not take them? For government itself is something which will go on anyway, quite apart from any effort of ordinary individuals. Now, the authoritarian tradition in politics must have at least one important accompaniment, that of emotionalism. If people are not encouraged to use their heads, they must be encouraged to use their hearts. The Japanese system has always had this accompaniment, and so we find even in the modern Japanese political outlook a large emotional play. Sentiment often binds Cabinets together. It shares with immediate material interest the composition of party bonds. It dictates programmes in the proletarian parties, for example, and can sweep the whole nation into heroic action wherein a merely rational idea would leave it cold.

Now, both the authoritarian tradition and its accompaniment of sentimentality are the support of the monarchical system, and render easy the exploitation of such a system. The Japanese attitude of something akin to worship towards the Emperor, however much an historic heritage and however much a Meiji creation, is a real force in Japanese politics. It is strong enough to prevent national disintegration under the most liberal of systems, while it naturally reinforces any appeal made on the new "corporate" lines.

CHAPTER III

ECONOMIC INSTITUTIONS

Industry. Industrialization has been the slogan of the Japanese people and their government since the Meiji Restoration of 1868. Through the common advance of *laissez-faire* development and governmental guidance her industry has made more rapid progress than that of any other nation in the same time. The development of modern industry depends on the following factors, roughly in the order listed below : (1) capital, (2) raw material, (3) labour, (4) technique, (5) standards of living, (6) the general psychology of the people, (7) the skill of workers, and (8) industrial originality. We must therefore consider to what extent Japan is equipped under each of these heads.

(1) She is so poorly placed economically that the total national wealth even at the present day amounts to only 109,996,412,000 Yen. (2) Natural resources are scarce, while the national economy is insular in organization. Hence the backbone of Japan's industrial structure is weak compared with that of the eight leading industrial countries of the world. (3) Labour is cheap and abundant, while the workers, having but an elementary education and being possessed of an industrious disposition, have worked docilely, on the whole, for long hours and low wages. (4) Since Japan began to industrialize far later than occidental countries, her industry has been able to apply the most highly efficient industrial technique both in methods of manufacture and rationalization of structure. Therefore, industries such as textiles, iron and steel, which have been newly organized, in spite of the requirement of large capital investments, have had enormous advantages in the cost of

production. These features, however, have had less effect upon the industries evolved from the established feudal system, such as those of raw or spun silk, or on industries based on small capital. (5) Of more advantage than any other element in Japan's industrial development is her standard of living, which is lower than in any large industrial country of the world. Real wages, therefore, are so low as to put her beyond competition, in this part of production, from any western country. (6) Emancipation from the rigid class distinctions of feudalism and the degree of liberty and civil right afforded by the semi-constitutional-bureaucratic monarchy have given the people easier access to any position through their own ability. With the rise of industrial development, *laissez-faire* morality permeated the minds of the people. Success in business offered at that time extraordinary rewards in social position as well as materially. Respect for an aspiration to become successful men ran high in the minds of the early Meiji youths. Every worker, when he started work, held the vague ambition of securing a million, just as the civil or military officers aspired to the highest offices in the State. Besides this positive desire there was, in the negative aspect, the traditional sentiment of obedience in the relation of lord and vassal and master and apprentice. There remained a considerable amount of the feudal religion of blind allegiance and sacrifice inspired by loyalty in the industrial relationships between workers and employers. These psychological factors brought about two curious tendencies in the industrial field : (a) The positive ambition encouraged capable men to establish industries of their own on small capital under the influence of the prevalent *laissez-faire* ethics ; (b) The traditional feeling of feudalistic obedience militated against the development of labour organization. (7) Japanese workers are characterized by an ability to grasp the knack involved in a given technique, especially in hand-work, so quickly and accurately that a few months' apprenticeship is equivalent to two years' apprenticeship of some western workers. Therefore, the average age of workers in

enterprises in textiles, iron and steel or small metallic manufactures and other sundry goods, are faced with the competition of large-scale industrial trusts or combines. The control of prices in raw materials, and the system of controlled selling among the large-scale industries, are fatal to the small man. The lack of capital and indispensable manipulation of order contracts by the commercial interests have given no chance for the growth of any surplus profit for the small-scale manufacturer. Constant work and the frequent expense of being compelled to accept orders on an uneconomic basis are prevalent among these industries. The rise of "industrial unions," i.e. *cartels* or combines of small-scale industries, with the encouragement of the Government, is the newest phase of the Japanese industrial trust movement in the centralized trend of modern capitalism. There are at present three grades in the industrial structure, the small-scale, the industrial union combined type, and finally the large-scale industry.

The large-scale industries of Japan as a whole are the products of the application of developed machinery under governmental assistance and foreign technical advice. The rise of the cotton textile industries, at the time of the Sino-Japanese War boom of 1895-96, had already indicated the lines for future development, i.e. concentration of capital and management. These lines were followed with the result that there was amalgamation of leading firms in the industry under large-scale control and endowed with efficient management by the time of the second Industrial Revolution of 1905. Thus independent accumulation of wealth in the cotton industry, through its well-organized industrial system,¹ has led to the highest efficient rationalization.

¹ In the cotton industrial system the driving force is the producer. The cotton company buys Indian, American or Egyptian cotton from big importers on a six-months credit. In the same way, the selling system has developed from the old wholesale business transaction to the skilfully arranged—rather speculative—system of six months or a years' large contracting selling organs. Thus the powerful cotton companies have built up their controlled financial stability by the careful management of buying and selling organizations in the *laissez-faire* economic system.

The workers are country girls who, wishing to accumulate funds for their marriage portion, enter employment for a few years and live contentedly enough in the factory dormitories on small wages. Once the company has become well-organized, it finds no difficulty in getting financial accommodation, so as to attain the greatest efficiency. Therefore, the import of materials has never caused such suffering as in the case of the Lancashire industries. No other industrial system is more efficient or more rationalized in organization than the Japanese cotton industry under a régime in which the *laissez-faire* economic force is well arranged to be the security of the production at the expense of the buying and selling organs, the private capital of which has served as an insurance fund for the cotton companies.

Not so happily situated are other large-scale industries. The iron, steel, mining and metal industries are not so finely organized. The iron and steel industries in Japan have been mostly governmental enterprises importing materials—iron ores or coal—for the most part from China and the South Sea Islands. In view of the need for technical skill in making pig-iron and especially steel, these industries could never have been founded against the active foreign competition without governmental assistance, highly protective tariffs or large subsidies or bounties. Since iron and steel are materials essential to industrialization, the Government has been interested in ensuring that they should be placed on the market at a fairly low price. This has only been possible by direct participation of the Government in the industry. Following the second and third Industrial Revolutions, there was a constant rise of private iron and steel companies, to meet the large demands of the war during 1914–18. The Yawata iron and steel plants of the government, in amalgamation with private companies which suffered from over-production after the war boom, succeeded during 1933 in forming a semi-governmental industrial company with a large number of shareholders among government departments and big companies so that, as the Japanese

say, they have organized "a system of planned control in industries essential to the national welfare."

Only by such a government-aided, trust-controlled economy can these industries of Japan survive in the capitalist world. The iron and steel companies have always required to import materials, either from China or from the Malay Peninsula. The search for new iron supplies is being enthusiastically undertaken by the Japanese eager to increase industrialization and for the economic and military purposes of attaining a self-sufficing basis. Practically 90 per cent of the total iron ore resources in China proper and Manchuria have been secured as reserves of Japan's industry, including the concession rights of the Haiphong Company with the coal and iron mines near the Yangtse and its blast furnaces of the Hanpaing and Tayeh. A constant supply from these Yangtse mines has been made difficult by the continuous civil wars, and the Chinese natural wealth in minerals, especially in iron ore, has been expensive to exploit owing to the cost of transport, lack of railways and other facilities. Therefore, in the main, the ore used by the Yawata governmental iron works comes from Malaya. The Japanese iron and steel industries have also imported high-quality Indian ore as well as the Philippine iron ore of Surigao, ore having a 52 per cent content of iron.¹ At the same time, for the coking-coal necessary for steel-making, Japan must rely upon the supplies from Fushan in Manchuria. Thus the weakness of this industry in Japan lies in the fact that it is almost entirely dependent on foreign supplies.

Coal mining cannot be expected to be a large industry in view of the small amount of the estimated deposits within Japan, but the present output of coal, little more than 30,000,000 tons, can yet still meet the maximum

¹ Reserves in the Philippine Islands are estimated at 430,000,000 tons. Cyril S. Fox, "The Raw Materials for the Iron and Steel Industry of India," *Transactions of the Mining and Geological Institute of India*, Vol xx, Part 2, July, 1925. F. R. Tegengren, "The Iron Ore and Iron Industry of China," *Memoirs of the Geological Survey of China*, Series A, No. 2, Part 2, p. 412.

demand of Japanese industry. The establishment of controlled selling amongst the big mining companies has been attempted in order to regulate output and raise the price level, so that the smaller mining companies can work without unfair price competition. So poorly situated is the coal-mining industry that the limit of the industrial demands for coal must be fixed so as to avoid any import, even from Manchuria, from where only about 2,300,000 tons may be brought in according to the present regulations, although this includes a large proportion of coking-coal and other specialities not found in Japan.

Only about 3 per cent of the world output of copper is supplied by Japan. The copper-mining industry has suffered chiefly from world over-production in pre-war times, though the Japanese mining companies have utilized a rationalized system and highly efficient mechanism to improve the poor quality of the ore. Copper-mining appears to be an unproductive industry in the world of free competition. Unless a copper syndicate is formed, no copper mining in Japan can enjoy a prosperous and profitable existence.

Except in a few cases, miners have not yet been allowed to organise owing to the constant suppression of the mine-owners. The only protection afforded to the miners is that under the Mining Regulation Act, which lays down that the owners must provide certain social services. The terms of this law, however, are only fully enforced in the case of large-scale mining companies. No small mine could be operated on an economic basis, if these social services were fully applied, so that there is a tacit connivance by the authorities of evasion or circumvention of the law. The big mining interests have had a policy of managing smaller mines on a purchasing contract, thus getting them under control, letting them dig metal ores or coal at the lowest possible cost of production. This subcontracting comes at times when the mining business is prosperous ; otherwise, the small mines are closed and the labourers returned to the unemployment list.

Ship-building is the biggest manufacturing and engineering enterprise in Japan with its large governmental naval yards. Bounties given under the Shipbuilding Encouragement Law of 1896 have been continuous, and were little reduced until the Great World War shipping prosperity. This industry, like that of Great Britain, is based on the industrial scale of both the war and merchant marine. Consequently in Japan, through the lack of capital and the fluctuation of shipping demands, the post-war extraordinary slump of shipbuilding brought about a gradual transformation of the management from private to governmental or semi-governmental control. At present, practically all passenger and cargo ships under the Japanese flag are home-made.

Let us now consider one of the semi-industrialized industries in Japan, raw silk reeling. In the course of its early development commercial capital dominated the industry, the output being sent out for export sale through the Yokohama wholesale stores on the basis of selling consignments on commission. The relationship between the wholesaler and producer was based upon commission sale owing to the need of the raw silk reelers for financial aid to buy materials—cocoons—in advance for their year's production. Thus the wholesale store in Yokohama became the financier of the raw silk reelers. This method, by which commercial capital is in a superior position to productive capital, belongs to the semi-capitalist industrial system, and is far behind that of the cotton industry. No chance whatsoever is given the subordinate productive organization to develop, because prices can be beaten down, not only commercially but also speculatively, by keen competition in selling.

The big foreign, and most of the native, raw silk exporters also competed to an extreme degree in cutting their own throats. This export speculation, accelerated by the raw silk exchange, has caused the industry to fall a victim of speculation in the raw silk trade as a whole, and has brought it to the verge of bankruptcy at every drop in the

silk quotations on the New York market. Therefore, the raw silk reelers would appear to have little chance of standing up to the competition threatened by the rapid progress of the rayon industry.

The raw silk reeling industry, however, entails a small initial investment. Moreover, low labour costs constitute the chief advantage in its production. Therefore, a low standard of living gives the raw silk industry such prosperity as it enjoys and allows it to compete with either domestic rayon or foreign raw silk, while a higher standard of living must drive it to ruin. Any general advance in Japanese material civilization would immediately involve great difficulties in retaining the industry's predominance in competition with China, unless technical rationalization could offset the handicap of the lower standards of Chinese labour conditions. The raw silk reelers must buy their cocoons for the year's production in the cocoon seasons, from May to September, on the basic price level of raw silk in Yokohama and Kobe at the time. The seasonable price determines the fortune of the cocoon markets. This *laissez-faire* economic system has made the farmers constantly suffer through the speculation of foreign business organizations. No industry has been more dependent on international conditions than that of raw silk in Japan, because eighty per cent of the production is exported to the U.S.A. and thus determines the basic price. Therefore the stabilization of the raw silk industry depends not only upon the planned control of the industrial and commercial system as regards the productive price in Japan, but also upon a reorganization of the present international traditions of the trade and the abolition of the unnecessary speculative organ of the raw silk exchanges at Yokohama, Kobe and New York. A legitimate relation between the farmer and the producer—by means of the control of the cocoon storage on a nation-wide scale, etc.—can be established by rationalized control, but no governmental act in Japan alone is capable of controlling the speculative evils of the foreign trade where competition is the main cause of

instability. No one gets any business profit out of this Japanese industry, except the successful speculators and the consumers of the U.S.A., who are able to buy cheap silk goods at the expense of the toiling men and women in the Japanese villages. Therefore to attempt a legitimate planned control in the raw silk industry is to test the validity of any world-wide economic control under the present profit-making régime.

The chemical industry in Japan could be, given economic planning, one of the most advantageous and suitable industries for the Japanese economic environment. The plentifulness of hydro-electric power make it possible that, even though materials must be imported, any industry involving applied electricity would be in a favourable competitive position in a world of commercial fair play. The rapid progress of the rayon industry, and artificial fertilizer (ammonium sulphate or atmospheric nitrogen) and metallic alloy, have shown that these industries, if well-managed, are suited *par excellence* to Japan, and applied chemistry is well-nigh sure of a prosperous future if Japanese scientific engineers prove capable.

Nature has endowed Japan with water power to compensate for the lack of coal resources, but her industry has been at a disadvantage in that the cost of the construction per unit is rather high, amounting to about 1,000 yen. A comparison of Japan's potential and developed hydro-electric power to that of other countries shows she ranks fourth in the world.¹

| | H.P. per capita | Total H.P. Developed |
|---------------|--------------------|-------------------------|
| United States | ·100 | 11,721,000 |
| Canada | ·479 | 4,556,000 |
| Italy | ·084 | 3,412,000 |
| Japan | ·047 | 2,830,000 |
| France | ·056 | 2,305,000 |
| Germany | ·018 | 1,100,000 |

So far 60 per cent of the estimated energy, about 6·4

¹ J. E. Orchard, *Japan's Economic Position*. Whittlesy House, N.Y., 1930, p. 226.

million h.p., is yet undeveloped, and constitutes a powerful supporting force for future Japanese industrialization.

Oil is one of the present and future power sources for Japan, but it is evident that the supply from Japanese oil wells taken by the Japanese oil companies is insufficient not only for commercial but also for military needs. Thus the demand for oil has been, and will continue to be, met by foreign imports. The oil shortage in Japan is more serious for the future than the coal shortage. The gradual transformation from steam to Diesel engines necessarily means a replacement of the demand for coal by one for oil. Power economy in our modern civilization is of great importance for the entire industrial, agricultural, as well as social, life of the nation. The degree of electrification and oil utilization in industry will provide, it can be said, the measure of the development of the industrialization of Japan.

Other big industries, such as paper, printing, cement, brewing and sugar refining, have been well organized with modern machinery and scientific management of the German type by utilizing "feudal capitalism," the vertical type of trust, in the early years. Now, however, the horizontal trust is becoming more popular under the attractive name of "planned economy," as we find in the Japanese Steel Manufacturing Company or the Showa Coal Company, etc. The schedule on page 144 gives a panorama of the Japanese heavy industries.

The so-called middle- and small-scale industries in Japan cover a wide range and variety of goods : silk hosiery, small-scale pottery, fountain pens, casting and metallic wares, electric lamps, toys, Japanese food-stuffs, etc., and have made great progress in technique, especially in handiwork. The reasons why such small industries are found in great numbers in Japan are, first, that owing to the lack of capital, commercialization preceded industrialization in the development of Japan's modern economy, and second, as has been pointed out earlier, that *laissez-faire* doctrines

A SURVEY OF SOME LEADING MANUFACTURING INDUSTRIES IN 1931

144

MODERN JAPAN

| Industry | Value of Production (Unit=1000 Yen) | Amount of Investment (Unit=1000 Yen) | Electric Power Consumed, Kw. | Number of Workers | Total of Paid Wages (Unit=1000 Yen) | Profit (Unit=1000 Yen) |
|-----------------------|--|--|------------------------------------|----------------------|---|------------------------------|
| Silk reeling | 420,548 | 251,855 | 8,286 | 401,855 | 71,385 | 10,944 |
| Silk weaving | 168,870 | 48,611 | 44,003 | 62,816 | 14,367 | 1,120 |
| Cotton spinning | 536,614 | 461,591 | 664,671 | 123,957 | 49,604 | 43,575 |
| Cotton weaving | 376,379 | 118,005 | 331,580 | 116,091 | 33,218 | 1,605 |
| Woollen spinning | 89,200 | 36,442 | — | — | — | 4,079 |
| Shipbuilding | 120,300 | 138,932 | — | — | — | 22,008 |
| Paper and pulp | 38,176 | 236,734 | 82,980 | 68,499 | 39,236 | 2,467 |
| Brewery | 134,095 | 236,906 | 583,836 | 25,704 | 13,460 | 8,981 |
| Printing and binding | 337,786 | 314,363 | 76,978 | 56,640 | 16,644 | 9,360 |
| Sugar refining | 167,309 | 52,476 | 35,110 | 55,192 | 27,051 | 3,830 |
| Electric machinery | 108,159 | 75,524 | 11,412 | 3,092 | 1,857 | 6,869 |
| Cement and lime | 145,066 | 225,343 | — | 16,669 | 11,177 | 4,151 |
| Rayon | 61,616 | 229,903 | 1,046,797 | 7,398 | 5,084 | 4,201 |
| Artificial fertilizer | 50,695 | 107,000 | 116,043 | 18,069 | 7,429 | 2,376 |
| Chemical products | 109,916 | 232,410 | 1,212,340 | 9,838 | 5,714 | 2,487 |
| | 113,547 | 72,895 | — | 9,295 | — | 1,230 |

PRODUCTION OF THE METALLURGICAL INDUSTRIES (Unit=1,000 Yen)

| Year | Gold | Silver | Copper | Pig-iron | Steel | Coal | Petroleum | Sulphur | Others | Total |
|------|--------|--------|---------|----------|-------|---------|-----------|---------|--------|---------|
| 1897 | 1,198 | 1,911 | 7,834 | 937 | 64 | 18,993 | 348 | 335 | 496 | 32,121 |
| 1907 | 3,868 | 4,040 | 32,467 | 2,114 | 519 | 59,961 | 5,218 | 788 | 1,571 | 110,552 |
| 1917 | 9,387 | 11,946 | 118,692 | 11,487 | 3,434 | 140,009 | 19,003 | 4,766 | 43,708 | 362,447 |
| 1927 | 13,170 | 5,452 | 47,888 | 4,255 | 3,943 | 257,280 | 12,466 | 3,301 | 20,798 | 368,568 |
| 1930 | 16,120 | 4,510 | 50,231 | 3,188 | 3,664 | 192,995 | 14,272 | 3,396 | 19,261 | 307,672 |
| 1931 | 17,998 | 3,598 | 33,627 | 4,936 | 2,942 | 151,949 | 8,356 | 3,166 | 16,798 | 243,414 |

of independent business were exceedingly attractive to young people who had just emerged from feudal subservience and dependence.

Competition, imposed by the necessity of getting orders from the wholesale stores or from big factories, made these industries face a continual life and death struggle to keep going. Hard and constant work, long hours with low pay, and constant financial difficulties, have always been features of all small-scale industries in Japan. The rise of the "industrial unions," under the government encouragement given by the Industrial Unions Act, has been an avenue of escape from victimization by the wholesale store and big industries, or from the general trend of the trust and combine movement. Amongst the so-called middle-scale industries, such as the fountain pen industry, there have been great successes in quality, so that they compete with western products in every respect. In fact, all such industries involving handiwork are on an extremely high level of efficiency. The tendency to form their own cartels under the Industrial Union Act, with the collective agreement of the trade unions, has consolidated their control of capital and labour in a manner comparable to that of large-scale factories. One of the remarkable instances is that of the small-scale manufacturers of electric lamps, who formed in 1934 the Eastern Japanese Electric Lamp Union and made a collective agreement with the Japan Federation of Labour in order to compete with the products of the Mazda Lamp Co., monopolized by the General Electric Company of America, under the name of the Tokyo Electric Company. In general terms, then, it can be said that the middle- and small-scale industries in Japan under present conditions cannot be swept away by the large-scale industries, if the product requires handiwork.

Transport and Communications. Transport in Japan has made probably greater advances than all other industrial development. The railways have now practically all been nationalized and have made a great development

in efficiency during the last sixty years, being now even more rationalized than the large industrial companies, and without doubt better organized than the state system of France.

RAILWAY DEVELOPMENT

| | Investment (unit 1,000 Yen) | Mileage, Km. | Passenger Receipts (unit 1,000 Yen) | Freight Receipts (unit 1,000 Yen) | Profit (unit 1,000 Yen) |
|------|--------------------------------|-----------------|--|--|-------------------------------|
| 1897 | 67,618 | 4,745 | 16,908 | 8,120 | 4,941 |
| 1907 | 707,175 | 7,869 | 42,188 | 28,005 | 34,023 |
| 1917 | 1,189,913 | 12,609 | 83,665 | 92,305 | 99,155 |
| 1927 | 2,907,004 | 18,863 | 280,570 | 232,089 | 224,456 |
| 1930 | 3,382,820 | 21,593 | 281,425 | 201,590 | 173,316 |

In 1930 railway mileage amounted to 5.6 km. per 100 square miles and 3.3 km. per 10,000 inhabitants.

The colonial railways are also controlled by the respective governments, while the South Manchuria Railway, as has been stated elsewhere, is a semi-official corporation.

Telegraph and telephone communications have from the start been under government control, and enjoyed the highest efficiency of bureaucratic management.

Road Transport. Since 1890, when the first tramway was opened in Tokyo, development has been rapid under both private and municipal enterprise. The roads were fit only for horse- and ox-carts or hand-drawn wagons and *jinrickshas*, so that special highways had to be constructed for the use of motor-cars and trucks. But this work was undertaken with ever-growing enthusiasm and thoroughness. One of the great developments in social enterprise in Japan within the last decade has been the reconstruction of high roads and with it the wholesale mechanizing of the means of transportation.

The revolution of passenger traffic has made remarkable development from the *jinricksha* to the motor-car in the towns and even in country villages, and motor-bus services are now competing with the tramways in such centres. No motor-car industry has ever yet been developed in

Japan to any appreciable extent, except for finishing factories of imported cars.

The increase of motor-cars has come in the last ten years, as the following table reveals :

| Year | Number of Cars | | | Inhabitants per one motor-car |
|------|----------------|---------|--------|-------------------------------|
| | Passenger | Traffic | Bus | |
| 1912 | | 535 | | 98,173 |
| 1920 | 7,023 | 889 | 7,912 | 7,320 |
| 1925 | 18,562 | 7,884 | 26,446 | 2,350 |
| 1930 | 52,800 | 29,200 | 82,000 | 815 |
| 1931 | 57,800 | 32,400 | 90,200 | 725 |
| 1932 | 60,800 | 33,900 | 94,700 | 690 (approximate estimate) |

Air Transport. At the end of 1930, Japan had regular passenger and mail air services extending 1,808 miles. Aviation was first introduced into the country by the military authorities, who established air forces in the army and the navy. Civil aviation companies, supported by the Government, subsequently set up regular lines from Tokyo to Dairen, 1,290 miles ; from Osaka to Matsuyama, 180 miles, from Tokyo to Shimizu, 162 miles ; from Tokyo to Nagoya, 236 miles. Plans are now under consideration for a regular service from Tokyo to Shanghai.

Financially, this kind of enterprise can hardly stand on its own feet. In 1928 the Nippon Air Transport Company was formed by absorbing the more important of the older companies, and in 1934, civilian planes were increased from 48 to 167. For eleven years, as in the early days of shipping companies, the Government has given subsidies for the establishment of regular air services.

The air service in Japan is of great importance in the course of economic development because of the lengthy stretch of the islands from north to south and furthermore in view of the need for economic consolidation between Japan and Manchoukuo or China.

Shipping. The achievement of the shipping trade under capitalist organization is remarkable in comparison with

other countries, and it can be accounted for by the systematizing of the trade, its well organized and centralized policy, together with its scientifically devised relations with other trades, such as insurance and foreign trade, and also to a large extent by the continuous encouragement of the shipping business by the government through subsidies and measures of protection.

The greatest event in shipping development was the opening of the Japan-Bombay service by the N.Y.K. in 1893, in spite of the strong competition of foreign lines. This was the first attempt of Japanese shipping to compete in ocean trade and to face world competition. The last seventy years has brought Japanese shipping to the third rank in international tonnage. The following table shows development in recent years :

| Year | Number of Vessels | Tonnage |
|------|-------------------|-----------|
| 1920 | 3,110 | 3,186,807 |
| 1925 | 3,477 | 3,898,383 |
| 1930 | 3,719 | 4,326,212 |
| 1933 | 3,675 | 4,258,157 |

The total capital invested in the shipping trade is enormous, the value of the shares of the 29 shipping companies being estimated in 1924 at 385,473,850 Yen. Japanese shipping, which in 1896 carried only 17 per cent of the total tonnage of cargo imported into and exported from Japan, now carries by far the greater part.

The shipbuilding industry has become firmly established and the output of tonnage reached in 1919 the record figure of 611,883 as against 26 ships with a total tonnage of 7,849 tons in 1896. The greatest shipbuilding firms are now the Mitsubishi Dockyard Co. at Kobe and Nagasaki, the Kawasaki Dockyard Co. at Kobe, the Osaka Iron Works at Osaka, and the Yokohama Dockyard Co. at Yokohama. These companies can now supply merchant vessels of modern type of over 17,000 tons, with high emergency speeds.

The success of capitalist enterprise in the shipping trade, however, is greatly hampered by the present trade distress. For further development there is now need for the rationalization of the whole shipping business. There has been, of course, a certain amount of amalgamation of the shipping companies in order to face international competition. As the Japanese capitalist system is based on feudal capitalism, this development has gradually caused the concentration of shipping interests into the hands of a few of the most powerful shipowners.

The Shipowners' Association was formed in 1894 to deal with labour questions arising out of the organization of the seamen. It dealt with laid-up ships, regulations as to the limitation of cargo, the problem of old ships, minimum wage agreements, etc. There is no doubt that it is the best organized employers' association in the country, with the possible exception of the Federation of the Cotton Industry. It has an efficient and highly paid secretariat, and various departments, and a system which makes it easy to deal effectively with any labour problems which may arise. Against this employers' organization, labour interests are now represented by the Japanese Seamen's Union, which is, also, the best organized trade union in Japan and probably the most effective in the East.

Commerce and Foreign Trade. Small-scale enterprise, with its small capital needs, is one of the main distributive agencies in Japan. At the same time, the rise of the department stores, or the chain system in the retail economic structure, has had an immense effect not merely upon the business of the millions of retail stores but also upon the wholesale trade in view of the growth of direct business between the department stores and producers. The natural centralization of capital control has brought about considerable disturbance in commercial equilibrium, with the small shops ever menaced by the competition of large department stores. Although the growth of department stores is a natural development of capitalism, it has caused a

commercial revolution which affects both the wholesale and retail systems.

The main method in competition is the "cheap sale" trade transaction. This popular Japanese term refers to a system of ruthless price-cutting. Small retailers have, however, already been doing business on returns which are so small as hardly to afford them decent support for their families. Thus they have been forced to the edge of bankruptcy by the "cheap sale" competitive policy.

The capitalist ethics of this nation, namely, to work obediently for the nation and masters, were evolved from the feudalistic tradition. Thus in fact commercial exploitation emerged from a common social usage. In the distributing trade the "cheap sale" policy and the commercial exploitation of employees have constituted a dual advantage, but there has been far less efficiency in applying modern technique than in other branches of industry or trade, a handicap which has really accelerated the fall of profits. The Industrial Union Act, now sponsored by the Government, provides an opportunity for the small or middle traders to organize along with the trust or combine movements. This is opposed by the free retailers, animated by *laissez-faire* ideas, who see in the unions yet another large-scale competitor. The conflict between industrial unionists and free retailers, however, is not a very serious one, and the industrial unions would triumph if these retailers were their only opponents. The industrial union represents, of course, a phase in the trend of this transition age towards capital centralization, and its only real and serious conflict will be with the department stores, where capital is already centralized. The question is whether or not scientific management can be applied to this kind of commerce as well as, or better than, to the department stores.

Foreign Trade. Foreign trade was practically unknown up to 1868. To this time there had not developed any foreign trade functions except for the subordinate business

of Nagasaki merchants, that is to say, an intermediate service for the mere exchange of goods from one hand to another.

Foreign trade, however, has since grown up more rapidly than in the case of any other nation. Small merchant adventurers, with vigorous effort and endurance, attempted to expand the market, firstly in competition with foreign exporters and then among themselves. Except for a few traders, foreign trading houses or companies have carried out the general trade. The gigantic and elaborate system of the Mitsui Trading Company is a rare example, even in the world, not merely on account of its capitalization, but also for efficient functioning, its annual trade transactions amounting to 1,500,000,000 Yen.

Practically, in staple goods, foreign trade is under the speculative market system, by which all foreign trading houses concentrate their attention on the price quotation, rather than on the quality of the goods. Trading houses, up till recently, have been entirely commercial in nature, and wholesale in structure. Therefore, since the gradual cartelization of industry has taken place, foreign trade has been changed in form by the creation of co-operative organs which monopolize the sale of the production of manufacturers through a certain trading house. This monopolization of trade, in co-operation with large-scale industries, or the capital-controlled small factories, is a new phase of trading in Japan. On the whole, the speculative trade in staple goods, such as cotton, steel and sugar, and the application of the "cheap sale" policy, have given her a favourable export position.

The subsidiary foreign trade organs, such as the foreign trading banks, Yokohama Specie Bank, etc., and shipping and insurance companies, have made great headway and are able to compete with foreign houses by the rationalization of the foreign trade system. This development has been an incalculable help to foreign trade. The concentration of trade in the hands of a few big trading houses has aided the trade of big capitalist financiers in the monopolized

FOREIGN

IM

| Article | 1931 | | | |
|---------------------------|--------------------------------------|----|--|----|
| | Value (to nearest million Yen) | | Percentage of Total (to nearest unit) | |
| FOOD STUFFS | | | | |
| Rice | 7 | | | |
| Wheat | 33 | | | |
| Beans | 37 | | | |
| Sugar | 16 | | | |
| Others | 66 | | | |
| Total | 159 | .. | 13 | .. |
| RAW MATERIALS | | | | |
| Seeds for Oil | 14 | | | |
| Coal | 28 | | | |
| Raw Rubber | 13 | | | |
| Sulphate of Ammonia | 16 | | | |
| Cotton | 296 | | | |
| Oil Cake | 44 | | | |
| Woollen | 186 | | | |
| Timber | 43 | | | |
| Others | 143 | | | |
| Total | 784 | .. | 55 | .. |
| RAW MATERIAL GOODS | | | | |
| Pulp | 12 | | | |
| Woollen Yarn | 12 | | | |
| Pig Iron | 11 | | | |
| Other Iron | 37 | | | |
| Lead | 8 | | | |
| Zinc | 3 | | | |
| Others | 197 | | | |
| Total | 281 | .. | 15 | .. |
| MANUFACTURED GOODS | | | | |
| Petroleum | 36 | | | |
| Woollen Goods | 10 | | | |
| Machinery | 5 | | | |
| Others | 10 | | | |
| Total | 198 | .. | 16 | .. |
| Miscellaneous | 10 | | | |
| Re-imports | 4 | | | |
| Grand Total | 1,436 | | | |

TRADE
PORTS

| 1932 | | | | 1933 | | | |
|--------------------------------------|----|---|----|--------------------------------------|----|--|--|
| Value (to nearest million Yen) | | Percentage of Total (to million Yen) | | Value (to nearest million Yen) | | Percentage of Total (to nearest unit) | |
| 12 | | | | 11.5 | | | |
| 49.5 | | | | 44 | | | |
| 42 | | | | 50 | | | |
| 3 | | | | 13 | | | |
| 54 | | | | 55 | | | |
| <hr/> | | | | <hr/> | | | |
| 160.5 | .. | 11 | .. | 173.5 | .. | 9 | |
| 15 | | | | 23 | | | |
| 27 | | | | 37 | | | |
| 16 | | | | 30 | | | |
| 7 | | | | 9 | | | |
| 447 | | | | 605 | | | |
| 34.5 | | | | 41 | | | |
| 87.5 | | | | 164 | | | |
| 35 | | | | 40.5 | | | |
| 169.5 | | | | 232 | | | |
| <hr/> | | | | <hr/> | | | |
| 838.5 | .. | 59 | .. | 1181.5 | .. | 62 | |
| 15 | | | | 27 | | | |
| 5 | | | | 3 | | | |
| 12 | | | | 25 | | | |
| 53 | | | | 111 | | | |
| 10 | | | | 12 | | | |
| 5 | | | | 7 | | | |
| 101 | | | | 143 | | | |
| <hr/> | | | | <hr/> | | | |
| 201 | .. | 14 | .. | 328 | .. | 17 | |
| 36.5 | | | | 35 | | | |
| 10 | | | | 7 | | | |
| 60.5 | | | | 73 | | | |
| 123 | | | | 105 | | | |
| <hr/> | | | | <hr/> | | | |
| 230 | .. | 15 | .. | 220 | .. | 11 | |
| 7 | | | | 9 | .. | 1 | |
| 4 | | | | 5 | | | |
| <hr/> | | | | <hr/> | | | |
| 1,441 | | | | 1,917 | | | |

FOREIGN

EX

| Article | 1931 | | | |
|---------------------------|--------------------------------|----|---------------------------------------|----|
| | Value (to nearest million Yen) | | Percentage of total (to nearest unit) | |
| FOOD STUFFS | | | | |
| Beans | 5 | | | |
| Aquatic Products | 10 | | | |
| Wheat | 9.5 | | | |
| Tea | 8 | | | |
| Sugar | 15 | | | |
| Canned Foods | 19 | | | |
| Others | 53 | | | |
| Total | 119.5 | .. | 9 | |
| RAW MATERIALS | | | | |
| Silk Waste | 2 | | | |
| Coal | 15 | | | |
| Timber | 10 | | | |
| Others | 18 | | | |
| Total | 45 | .. | 4 | .. |
| RAW MATERIAL GOODS | | | | |
| Vegetable Oil | 5 | | | |
| Raw Silk | 355 | | | |
| Iron | 7 | | | |
| Cotton Yarn | 8.5 | | | |
| Braid | 2 | | | |
| Others | 45 | | | |
| Total | 422.5 | .. | 38 | .. |
| MANUFACTURED GOODS | | | | |
| Cotton Goods | 199 | | | |
| Silk Goods | 83 | | | |
| Cotton Hosiery | 16 | | | |
| Glass | 6 | | | |
| Machinery | 14 | | | |
| Pottery | 19 | | | |
| Paper | 21 | | | |
| Others | 175 | | | |
| Total | 533 | .. | 49 | .. |
| Miscellaneous | 19 | .. | 2 | .. |
| Re-exports | 25 | | | |
| Grand Total | 1,164 | | | |

TRADE
PORTS

| 1932 | | | | 1933 | | | |
|--------------------------------|----|---------------------------------------|----|--------------------------------|----|---------------------------------------|--|
| Value (to nearest million Yen) | | Percentage of total (to nearest unit) | | Value (to nearest million Yen) | | Percentage of total (to nearest unit) | |
| 6 | | | | 7 | | | |
| 8 | | | | 10 | | | |
| 20.5 | | | | 35 | | | |
| 8 | | | | 8.5 | | | |
| 8 | | | | 15 | | | |
| 23 | | | | 47 | | | |
| 32 | | | | 35 | | | |
| <hr/> | | | | <hr/> | | | |
| 105.5 | .. | 8 | .. | 158 | .. | 9 | |
| | | | | | | | |
| 1 | | | | 1 | | | |
| 13 | | | | 14 | | | |
| 11 | | | | 19 | | | |
| 25 | | | | 40 | | | |
| <hr/> | | | | <hr/> | | | |
| 50 | .. | 4 | .. | 74 | .. | 4 | |
| | | | | | | | |
| 5 | | | | 8 | | | |
| 382 | | | | 391 | | | |
| 12 | | | | 35 | | | |
| 21.5 | | | | 16 | | | |
| 3 | | | | 7 | | | |
| 62 | | | | 83 | | | |
| <hr/> | | | | <hr/> | | | |
| 485.5 | .. | 35 | .. | 540 | .. | 29.5 | |
| | | | | | | | |
| 289 | | | | 383 | | | |
| 111 | | | | 141 | | | |
| 21 | | | | 31 | | | |
| 9 | | | | 15 | | | |
| 11 | | | | 26 | | | |
| 23 | | | | 36 | | | |
| 14 | | | | 18 | | | |
| 223 | | | | 382 | | | |
| <hr/> | | | | <hr/> | | | |
| 701 | .. | 51 | .. | 1,032 | .. | 55.5 | |
| 24 | .. | 2 | .. | 30 | .. | 2 | |
| 44 | | | | 29 | | | |
| <hr/> | | | | <hr/> | | | |
| 1,410 | | | | 1,863 | | | |

INVISIBLE IMPORTS

ORDIN

| Item | 1930 | |
|---|------------------------------------|-------|
| | Income (In nearest million Yen) | Outgo |
| Interest and Dividends | 22.4 | 103.1 |
| Profits of Enterprise and Labour | 106.3 | 15.7 |
| Shipping | 194.4 | 69.1 |
| Insurance | 116.2 | 115.9 |
| Consumption of Foreigners in Japan (Japanese abroad) | 50.7 | 50.0 |
| Foreign Government Revenue (expenditure) | 15.8 | 30.1 |
| Miscellaneous | 18.9 | 8.0 |
| Total | 524.7 | 391.9 |
| Balance | 132.8 | |

EXTRA

| | | |
|---|-------|-------|
| Investment of Foreigners (Japanese abroad) | 281.1 | 269.3 |
| Return on Japanese (Foreigners') Investments | 149.6 | 309.4 |
| Total | 430.7 | 578.7 |
| Balance | | 148.0 |

Global Balance

| Year | Amount |
|------|---------|
| 1930 | - 15.2 |
| 1931 | - 149.0 |
| 1932 | + 15.0 |

industries. Thus, the staple goods, such as raw silk, cotton, steel and so forth, are directly bound up with speculative foreign trade market.

Japan's temporary foreign trade advantages in competition with other nations are easily counter-balanced by the tariff regulations which close doors to prevent her from selling her goods freely, such as those of British India in 1933 and the Dutch East Indies in 1934. The outlook for foreign trade in Japan is not particularly hopeful since the world tends to apply economic nationalism and raise tariff barriers. The temporary cause of the advance of the Japanese trade was the exchange advantage which has

AND EXPORTS
ARY

| 1931 | | 1932 | |
|------------------------------------|-------|------------------------------------|-------|
| Income (In nearest million Yen) | Outgo | Income (In nearest million Yen) | Outgo |
| 18.0 | 90.4 | 19.3 | 108.3 |
| 90.0 | 11.9 | 157.2 | 19.8 |
| 166.9 | 66.3 | 181.8 | 82.1 |
| 108.8 | 105.9 | 117.2 | 108.3 |
| 43.2 | 44.9 | 55.4 | 39.8 |
| 7.6 | 37.9 | 4.9 | 89.1 |
| 12.3 | 5.9 | 41.2 | 14.4 |
| 446.8 | 363.2 | 577.0 | 461.8 |
| 83.6 | | 115.2 | |

ORDINARY

| | | | |
|-------|-------|-------|-------|
| 152.6 | 303.1 | 84.4 | 100.9 |
| 287.0 | 369.1 | 105.9 | 189.6 |
| 439.6 | 672.2 | 190.3 | 290.5 |
| | 232.6 | | 103.2 |

already been offset by other countries through their currency and tariff policies.

Agriculture. No sooner do we think of the Japanese economic condition than we must regard agriculture as a crucial problem. Japan is small and, moreover, only 16 per cent of the total area is arable. In the modern capitalist economic structure, industrial and trading interests have been favoured at the expense of agricultural economy which in organization and efficiency has scarcely emerged from the mediæval small-holding system.

In Japan there are three grades of farmers: (1) large

landowners who employ farming labour on a large scale or rent land to the tenant farmers; (2) average landowners who partly cultivate by themselves and partly rent land to tenant farmers; (3) tenant farmers. The spirit of industrialists and traders has been progressive, rather than aggressive, and liberal enough to apply, adopt and select the most efficient technique of western economic profit-making, whilst that of the farmers and the small or middle-sized landowners has been, and still is, conventional and conservative. Naturally enough, the former has been more able than the latter to exercise influence on official policy, although the latter is representative of more than half of the population.

Nevertheless, the impact of commercial supremacy upon the agricultural interests has been that the price of agricultural products is controlled by the wholesale merchants and the speculative Rice Exchange. Hard and ceaseless work in wet rice-fields from early morning till night, with the help of the efforts of the whole family, has been, and is, rewarded only by the continued existence of the family, whilst artificial fertilizer, controlled by the trust selling organs, has drawn the main gross income of the toiling farmers into the treasury of the artificial fertilizer company. Another capitalist exploitation of agricultural economy comes from the bankers or moneylenders. More than seventy per cent of the farmers borrow money through their special bankers, the Hypothec Bank of Japan, prefectural agricultural and industrial banks, or credit unions and lottery associations. The interest squeezed out of the farmer, while it enriches the bankers, keeps these labourers down to the subsistence level.

The average standard of education amongst the farmers is that of the elementary school, i.e. till 14 years of age. The other educational influences which affect them are composite, but tending in a single direction. For practically all the able-bodied young men there is a compulsory military education of blind obedience. Then there are the modern newspapers. For the rest there are public speeches by the exponents of militarist nationalism through the Reservist

THE AGRARIAN CONDITION OF JAPAN

Net Income from Agriculture (1,000 Yen)

| Year | Total receipts | Direct costs | Indirect costs | | Total costs | Net income | Net income per family household |
|------|----------------|--------------|----------------|-------------------|-------------|------------|---------------------------------|
| | | | Tenants' rents | Interest on loans | | | |
| 1919 | 5,120,804 | 1,198,044 | 475,383 | 58,216 | 1,998,412 | 3,122,392 | 624 |
| 1923 | 4,217,142 | 913,764 | 312,456 | 109,083 | 1,641,903 | 2,575,239 | 473 |
| 1926 | 4,235,042 | 890,910 | 309,280 | 132,519 | 1,716,126 | 2,518,916 | 453 |
| 1927 | 3,946,000 | 864,228 | 262,497 | 153,930 | 1,620,880 | 2,325,920 | 418 |
| 1928 | 4,009,904 | 829,936 | 232,096 | 165,220 | 1,558,515 | 2,451,389 | 440 |
| 1929 | 3,859,705 | 778,579 | 212,724 | 171,900 | 1,497,952 | 2,361,753 | 424 |
| 1930 | 3,044,048 | 746,622 | 214,558 | 172,503 | 1,469,487 | 1,574,561 | 281 |

RICE PRODUCTION

| Year | Cost of production per 1 koku,* Yen | Price of spot, Yen | | Standard price, Yen | |
|---------|-------------------------------------|--------------------|---|---------------------|---|
| | | † | ‡ | † | ‡ |
| 1922 | 37.63 | 27.35 | | 31.85 | |
| 1923 | 37.72 | 31.98 | | 37.99 | |
| 1924 | 36.98 | 38.21 | | 42.47 | |
| 1925 | 32.51 | 37.24 | | 38.91 | |
| 1926 | 33.67 | 34.32 | | 36.79 | |
| 1927 | 29.44 | 30.48 | | 31.12 | |
| 1928 | 28.41 | 27.87 | | 29.22 | |
| 1929 | 26.38 | 27.12 | | 27.44 | |
| 1930 | 26.12 | 17.80 | | 18.29 | |
| 1931 | 22.99 | 16.07 | | 21.43 | |
| 1932 | 21.83 | 19.08 | | 22.06 | |
| Average | 30.33 | 27.96 | | 30.69 | |

* Koku = 4.96005 bushels.

† The annual average farmer's selling price.

‡ The annual average price of the standard middle quality of the Rice Exchange.

Association, general educational lectures very often held in the rural areas, and election campaign meetings. Recently radio education, however, has affected these simple minds far more greatly than the newspapers, but this is controlled by a rigid censorship. No systematic public education for the farmers has ever existed, so that it is impossible for them to understand politics, or the real conditions of present-day society. Therefore, the farmers are only tools of the politicians, easy to bribe because of their intense poverty, easy to mislead because of their low level of education.

Tenant disputes continually occur in Japan, and the outbreak of "rice riots," although infrequent, is a symptom of how the farmers have been suffering from conditions under which an annual income of only 281 Yen for a family of four is the average. The agricultural problem is one of the burning questions of the day, to which all classes of politicians, from the military fascist to the socialist, are giving their utmost attention. The control of agriculture planned by the Government means the control of prices, and limitation of cultivation according to price movements, but does not envisage any alternative to the mediæval small-holding system and its selling organs or the speculative Rice Exchange for the gamblers to profit at the expense of the poor farmers. Price control, of course, is a method of price stabilization, but with the *laissez-faire* freedom left for profiteering, and the controlling of the market by capital, little effective relief of the farmers' plight can be looked for. The tables on page 159 will give some idea of the gravity of that plight.

Fishing and Forestry. The fishing industry is one of the most important in Japan. The large-scale fisheries have been greatly improved by rationalization in both the ocean and near seas. The canning industry thrives upon gradually increasing staple markets in Europe. The fishing areas, concessioned by the government, tend toward a monopoly of this industry, whilst the small fisheries along the coast suffer enormously from the constant price fluctuations as

DEVELOPMENT OF DEPARTMENTAL EXPENDITURE—Comparative Divisions

LE

| Year | Total (1,000 Yen) | Imperial Household | Foreign Affairs | Home Affairs | Finance | War |
|-----------|----------------------|-----------------------|--------------------|-----------------|---------|---------|
| | | % | % | % | % | % |
| 1878-82 | 80,723 | 2,928 | 736 | 12,456 | 28,185 | 11,200 |
| 1893-97 | 128,113 | 3,000 | 1,195 | 18,566 | 35,417 | 29,207 |
| 1898-1902 | 264,546 | 3,000 | 2,391 | 24,623 | 61,909 | 57,822 |
| 1903-07 | 402,814 | 3,000 | 5,063 | 16,511 | 104,022 | 53,162 |
| 1908-12 | 583,476 | 3,900 | 5,739 | 34,714 | 230,057 | 114,911 |
| 1913-17 | 626,229 | 4,500 | 6,650 | 44,506 | 232,512 | 99,836 |
| 1918-22 | 1,293,532 | 4,500 | 20,663 | 98,086 | 251,379 | 219,359 |
| 1923-27 | 1,603,122 | 4,500 | 21,125 | 219,802 | 344,416 | 212,102 |
| 1928-30 | 1,711,927 | 4,500 | 20,231 | 215,223 | 361,463 | 227,271 |
| 1931-32 | 1,962,140 | 4,500 | 29,075 | 191,468 | 389,428 | 374,590 |

Continuation

| Year | Marine | Justice | Education | Agriculture, Forestry, Commerce, Industry | Communication |
|-----------|---------|---------|-----------|--|---------------|
| | % | % | % | % | % |
| 1878-82 | 9,585 | 3,433 | 1,135 | 1,227 | 6,067 |
| 1893-97 | 20,455 | 4,301 | 1,526 | 1,673 | 12,302 |
| 1898-1902 | 51,754 | 8,250 | 5,224 | 8,106 | 41,454 |
| 1903-07 | 42,855 | 10,815 | 6,478 | 11,180 | 59,623 |
| 1908-12 | 84,482 | 12,886 | 9,046 | 15,391 | 78,720 |
| 1913-17 | 108,049 | 12,616 | 10,918 | 22,648 | 83,415 |
| 1918-22 | 358,601 | 27,902 | 41,942 | 70,804 | 200,297 |
| 1923-27 | 252,690 | 35,145 | 114,978 | 71,780 | 326,584 |
| 1928-30 | 264,060 | 36,423 | 138,786 | 68,710 | 344,031 |
| 1931-32 | 357,894 | 34,026 | 147,568 | 103,544 | 303,319 |

ANALYSIS OF BUDGET EXPENDITURE

Unit = 100,000,000 Yen

| | 1932 | Per- centage | 1933 | Per- centage | 1934 | Per- centage |
|----------------|-------|-----------------|-------|-----------------|------|-----------------|
| Administration | 1,025 | 53 | 1,048 | 47 | 825 | 38 |
| Military | 659 | 34 | 820 | 37 | 937 | 44 |
| Debt Service | 260 | 13 | 371 | 16 | 378 | 18 |
| Total 1,944 | .. | 2,239 | .. | 2,142 | .. | |

ANALYSIS OF BUDGET REVENUE

Unit = 100,000,000 Yen

| | 1932 | Per- centage | 1933 | Per- centage | 1934 | Per- centage |
|---|------|-----------------|-------|-----------------|-------|-----------------|
| Taxation | 722 | 37 | 719 | 32 | 775 | 37 |
| Government Enterprise and Property | 484 | 25 | 495 | 22 | 254 | 12 |
| Other (including issue of public loans) | 738 | 38 | 1,025 | 46 | 1,083 | 51 |
| Total 1,944 | .. | 2,239 | .. | 2,112 | .. | |

CHANGES IN DIVISION OF REVENUE (1,000 Yen)

| Year | Revenue | Taxation | | Postal Receipts | | Receipts of Government Enterprise and Property | | Loans | | Money carried forward previous year | |
|------|-----------|----------|------|-----------------|-----|--|------|---------|------|-------------------------------------|------|
| | | | % | | % | | % | | % | | % |
| 1892 | 101,462 | 67,173 | 66.2 | — | — | 9,709 | 9.6 | — | — | 15,094 | 14.9 |
| 1897 | 226,390 | 94,913 | 41.9 | 11,650 | 5.1 | 19,773 | 8.7 | 36,390 | 16.1 | 18,163 | 8.5 |
| 1902 | 297,341 | 151,085 | 50.8 | 13,848 | 4.6 | 49,919 | 16.7 | 14,741 | 4.9 | 7,502 | 2.5 |
| 1907 | 857,084 | 315,983 | 46.8 | 25,156 | 2.9 | 141,771 | 16.5 | 1,000 | 0.1 | 65,975 | 7.7 |
| 1912 | 687,392 | 360,970 | 52.5 | 28,934 | 4.2 | 142,242 | 20.7 | 18,327 | 2.7 | 71,818 | 10.4 |
| 1920 | 2,000,652 | 696,257 | 34.8 | 83,379 | 4.2 | 327,761 | 16.4 | 75,638 | 3.8 | 636,305 | 31.8 |
| 1928 | 2,005,691 | 915,910 | 45.6 | 86,759 | 4.3 | 474,194 | 23.6 | 157,085 | 7.8 | 297,032 | 14.8 |
| 1929 | 1,681,061 | 909,406 | 54.1 | 86,158 | 5.1 | 478,518 | 28.5 | 51,964 | 3.1 | 55,484 | 3.3 |
| 1930 | 1,606,716 | 896,809 | 55.8 | 85,556 | 5.2 | 501,278 | 30.1 | — | — | 47,101 | 2.8 |
| 1934 | 2,142,528 | 775,263 | 36.1 | 63,608 | 2.9 | 254,923 | 11.8 | 811,189 | 37.8 | 19,428 | 1.3 |

CHANGES IN DIVISION OF TAX REVENUE (1,000 Yen)

| Year | Taxation Revenue | Income Tax | Land Tax | Business Profit Tax | Death Duty | Liquor Tax |
|------|------------------|------------|----------|---------------------|------------|------------|
| 1892 | 67,173 | 1,132 | 37,925 | — | — | 15,813 |
| 1897 | 95,205 | 2,095 | 37,965 | 4,416 | — | 31,105 |
| 1902 | 163,453 | 7,461 | 46,505 | 6,777 | — | 61,738 |
| 1907 | 377,142 | 27,892 | 84,974 | 20,384 | 1,822 | 78,406 |
| 1912 | 426,986 | 38,933 | 75,365 | 26,022 | 3,630 | 93,862 |
| 1920 | 820,382 | 190,344 | 73,945 | 62,092 | 7,032 | 163,896 |
| 1926 | 1,054,470 | 209,578 | 68,728 | 62,154 | 18,410 | 216,583 |
| 1928 | 1,093,111 | 206,742 | 67,821 | 57,871 | 29,224 | 235,750 |
| 1930 | 1,074,287 | 204,019 | 67,754 | 59,385 | 27,498 | 229,155 |
| 1934 | 963,418 | 165,077 | 58,265 | 44,225 | 14,443 | 217,572 |

Continuation

| Year | Sugar Excise | Textile Excise | Custom | Profit of Monopolies |
|------|--------------|----------------|---------|----------------------|
| 1892 | — | — | 4,992 | — |
| 1897 | — | — | 8,021 | 292 |
| 1902 | 4,146 | — | 15,501 | 12,368 |
| 1907 | 16,178 | 19,115 | 50,027 | 61,159 |
| 1912 | 13,517 | 20,177 | 68,497 | 66,016 |
| 1920 | 40,395 | 41,333 | 69,372 | 124,125 |
| 1926 | 82,440 | 35,926 | 150,612 | 167,403 |
| 1928 | 83,216 | 40,267 | 150,944 | 177,202 |
| 1930 | 82,532 | 37,977 | 144,244 | 177,478 |
| 1934 | 74,419 | 30,670 | 114,273 | 188,155 |

well as the competition of the larger industries. Japan ranks third in total area of forests among the nations of the world. With scientific management and rationalized control on a national basis the forests are, if properly exploited, of great potential value to Japan. So long as the private property system is the foundation of the present economic organization, government interference in the management of private ownership only serves to create uncertainty. No industry can be controlled by the regulation of prices alone, but, on the contrary, control must entail the industrial system and functions. Japanese agriculture, fishing and forestry, all suffer to varying degrees from this partial control with results satisfactory to nobody except those few large-scale capitalists who can influence the official price policy.

CONDITION OF GOVERNMENT ENTERPRISE

(1,000 Yen)

| | Fixed Capital | Working Capital | Subsidy Capital | Total | Profit |
|-------------------------------------|---------------|-----------------|-----------------|-----------|---------|
| Mint | 8,316 | 4,000 | 73,103 | 85,419 | — |
| Bureau of Printing | 17,398 | 1,000 | — | 18,398 | 1,644 |
| Bureau of Monopoly | 69,029 | 10,000 | — | 79,029 | 168,430 |
| Military Arsenal | 133,467 | 7,000 | — | 140,467 | — |
| Senju Woollen Factory | 4,317 | 1,000 | — | 5,317 | — |
| Naval Arsenal | — | — | 16,500 | 16,500 | 1,350 |
| Naval Ammunition (Powder) Factory | 8,753 | 2,000 | — | 10,753 | 1,169 |
| Naval Fuel Plant | 13,934 | 1,650 | — | 15,584 | 203 |
| Yawata Iron and Steel Manufacturing | 151,973 | 23,624 | — | 175,598 | — |
| Government Railways | 3,062,615 | 46,474 | — | 3,109,089 | 135,856 |
| Post, Telegraph, Telephone | 1,990,000 | — | — | 1,990,000 | 233,412 |
| Total | 5,459,804 | 96,749 | 89,603 | 5,523,053 | 542,064 |

It will be noted (see tables, pp. 161-164) that, for the past three years, bond issues amount to just over one-third of the amount of the total budget. The burden of interest to be paid on these issues has been incurred for the Manchurian expenditure and for military and naval preparation in anticipation of war with Russia or the

U.S.A. As is evident from the table on Budget expenditures, 37 per cent of the total outlay is now for armament; 820,000,000 yen have been spent in 1933 through the munition industries. The small amount spent on social services is in striking contrast. It must be conceded, however, that the public utilities provide for greater stability of employment than do private enterprises, so that their large scale is an advantage and the government money spent thereon is in the nature of a social service.

Banking. Since there has always been in Japan scarcity of capital for industry and trade, the rôle of the banker has always been of enormous importance. Naturally, big capitalists have their own banking departments for utilization of their own capital in their own businesses, but gradually in the development of feudal capitalism commercial banks have evolved from one or another group of capitalists' interests. There are two kinds of banking organs in Japan: (1) semi-governmental, (2) commercial. The table on page 166 shows the general structure of the banking system in 1931.

The function of the Bank of Japan as an agent of the government has been to regulate financial policy. But the directors of the Bank of Japan cannot autocratically act without consulting the big banking interests. Other special governmental banks also have an important service in the country's economic development.

The "Big Five," Mitsui, Mitsubishi, Daiichi, Yasuda, and Sumitomo, are now joined in one amalgamated bank, Sanwa, and exercise an ever-growing control of the banking system together with semi-governmental banks, as shown in the following table:

| Total Deposits (1,000 Yen) | | "Big Five" Deposits | % | Special Banks Deposits | % | "Big Five" and Special Banks | % |
|-------------------------------|------------|------------------------|----|------------------------------|----|------------------------------------|----|
| 1925 | 11,428,823 | 2,105,814 | 18 | 1,854,376 | 16 | 3,960,190 | 34 |
| 1929 | 12,474,419 | 3,209,582 | 26 | 1,809,308 | 15 | 5,018,890 | 42 |
| 1931 | 11,409,001 | 3,129,363 | 26 | 1,569,755 | 13 | 4,699,118 | 40 |
| 1932 | 11,764,531 | 3,430,999 | 29 | 1,757,609 | 15 | 5,188,608 | 45 |

| (1) Special Banks | Capital Paid Up, unit = 1,000 Yen | Reserve Funds, unit = 1,000 Yen | Profit, unit = 1,000 Yen | Deposits, unit = 1,000 Yen |
|--|--|--|--------------------------------|----------------------------------|
| The Bank of Japan | 45,000 | 103,265 | 19,762 | 376,005 |
| The Yokohama Specie Bank | 100,000 | 116,200 | 22,816 | 547,760 |
| The Hypothec Bank of Japan | 84,626 | 70,723 | 20,721 | 123,392 |
| The Industrial Bank of Japan | 50,000 | 22,065 | 6,548 | 52,978 |
| Agricultural and Industrial Banks | 80,150 | 62,122 | 17,387 | 147,150 |
| The Hokkaido Colonial Bank | 12,500 | 12,189 | 2,932 | 60,758 |
| The Bank of Taiwan | 13,125 | 1,214 | 858 | 78,920 |
| The Bank of Chosen | 25,000 | 3,701 | 2,258 | 111,462 |
| Chosen Industrial Bank | 20,000 | 9,123 | 3,020 | 63,243 |
| Total | 430,401 | 400,604 | 96,302 | 1,569,755 |
| (2) | | | | |
| Joint Stock Commercial Banks | 1,249,022 | 535,743 | 213,308 | 8,738,289 |
| Savings Banks | 43,131 | 36,704 | 24,941 | 1,635,623 |
| Deposit Bureau of Depart- ment of Finance | — | — | — | 2,397,666 |
| (3) | | | | |
| Trust Companies | 81,540 | 22,902 | — | 1,178,749 |
| Central Cash Office of Credit Association | 30,700 | 2,141 | 1,204 | — |
| Mutual Lottery Societies | 17,540 | 7,868 | 2,193 | 80,219 |

Exchange activities are conspicuously prosperous in Japan. The commodity exchanges also make substantial profits through heavy transactions, mainly in cotton yarn and rice. The marketing of stocks and bonds has also shown a steady yield and an increasing activity.

Public Finance. As stated in the previous chapter, the Minister of Finance and his department control all financial functions, from tax collections to the paying out from the treasury, and supervise banking and all financial activities.

The tables on page 167 will serve to indicate the main sources of revenue and the manner in which public money is spent.

Insurance and Trusts. Insurance companies in Japan have made great progress since they have carefully applied

CONDITION OF EXCHANGE ORGANISATION

| Organisation | | | | | |
|--------------|---------------------|----------------------------|-------------------|------------------------|-------------------|
| Year | Number of Exchanges | Paid Up Capital, 1,000 Yen | Income, 1,000 Yen | Expenditure, 1,000 Yen | Profit, 1,000 Yen |
| 1902 | 61 | 8,650 | 2,490 | 1,604 | 938 |
| 1912 | 46 | 28,178 | 10,255 | 6,790 | 3,464 |
| 1922 | 33 | 89,867 | 27,633 | 18,566 | 14,355 |
| 1930 | 32 | 98,103 | 15,032 | 6,947 | 8,087 |

Continuation

Main Transaction of Exchanges

| Year | Government Bonds, Yen | Stocks and Shares, Yen | Rice (koku) | Cotton (kin) |
|------|-----------------------|------------------------|-------------|---------------|
| 1902 | 2,000 | 268,985,735 | 66,702,070 | 214,626,900 |
| 1912 | 12,551,055 | 24,115,727 | 114,882,750 | 178,639,500 |
| 1922 | — | 52,101,680 | 478,482,900 | 2,452,051,500 |
| 1930 | 295,620,000 | 36,512,680 | 220,953,800 | 3,014,442,000 |

scientific management. Up to the present, they have confined themselves to life and fire business. The funds of insurance companies constitute an important contribution to the capitalization of industries or other undertakings.

The following table shows how insurance companies have developed :

CONDITIONS OF INSURANCE COMPANIES

| Year | Number of Companies | Capital, 1,000 Yen | Reserves, 1,000 Yen | Number of Contracts (unit 1,000) | Amount, 1,000 Yen | Receipts, 1,000 Yen | Outlay, 1,000 Yen |
|------|---------------------|--------------------|---------------------|----------------------------------|-------------------|---------------------|-------------------|
| 1902 | 61 | 8,667 | 20,052 | 959 | 628,041 | 15,817 | 11,145 |
| 1912 | 66 | 20,010 | 108,151 | 2,411 | 2,495,750 | 61,317 | 37,175 |
| 1921 | 93 | 93,676 | 534,070 | 8,952 | 10,670,858 | 395,725 | 299,330 |
| 1926 | 95 | 123,403 | 1,053,093 | 16,029 | 20,651,623 | 462,849 | 289,509 |
| 1929 | 93 | 124,270 | 1,454,849 | 22,199 | 25,949,943 | 588,560 | 397,178 |
| 1930 | 92 | 123,070 | 1,569,013 | 23,098 | 27,490,657 | 587,335 | 442,171 |
| 1931 | — | 122,170 | 1,692,215 | 22,606 | 27,470,000 | 603,128 | 441,173 |

The trust is a post-war economic organization, the development of which is remarkable among the big capitalist concerns. Competition with banking organs has naturally induced the setting up of bankers' own trust companies, to monopolize long deposits and long-termed investments under their control. Enterprise companies, however, are for the most part in colonial development, so that most of them are semi-governmental companies of which certain shares are held by the government.

With the growth of capital centralization through trust and combine, and the amalgamation of banks, capital has been brought from the country to the city. Most of these financial organs have been conservative in investment, and an estimation of the balance sheet of a given concern is now the fundamental criterion to decide whether money will be loaned, or debentures or loans accepted, regardless of the real possibilities of business.

The following tables show the development of trusts :

TRUST COMPANIES

| Year | Number of Companies | Paid Up Capital, 1,000 Yen | Reserve Funds, 1,000 Yen | Deposit, 1,000 Yen | Profit, 1,000 Yen |
|------|---------------------|----------------------------|--------------------------|--------------------|-------------------|
| 1924 | 28 | 40,504 | 4,437 | 135,127 | 3,698 |
| 1929 | 37 | 92,700 | 19,738 | 1,003,784 | 13,973 |
| 1930 | 37 | 82,700 | 19,654 | 1,168,840 | 702 |
| 1931 | 37 | 81,540 | 22,902 | 1,178,749 | 13,396 |
| 1932 | 37 | 81,540 | 25,850 | 1,226,005 | 13,795 |

The tables on page 169 analyses the national income up to 1930.

The inequal distribution of profits amongst the branches of industry and trade is the main feature revealed by any survey of the national income. The average agrarian income is, say, 281 Yen per family, while that of town labourers and salaried employees is from 500 Yen to 1,000 Yen per one family. In the table on page 170 is shown the development of the ratio between the income of employers and that of employees, except those in agriculture and forestry.

NATIONAL INCOME

PRIVATE INCOME (1,000,000 Yen)

| Year | Agriculture and Forestry | Fishery | Mining | Industry | Trans- port | Trade | Professional | Individual Income from Government | Rent | Other | Total | Per capita, Yen |
|------|--------------------------|---------|--------|----------|----------------|-------|--------------|---|------|-------|--------|-----------------------|
| 1919 | 3,422 | 184 | 257 | 2,215 | 683 | 1,959 | 534 | 549 | 599 | 36 | 10,438 | 182 |
| 1925 | 3,026 | 209 | 192 | 2,812 | 611 | 2,190 | 1,036 | 1,150 | 691 | 21 | 11,938 | 192 |
| 1926 | 2,518 | 205 | 186 | 2,861 | 652 | 2,166 | 1,121 | 1,214 | 673 | 41 | 11,637 | 183 |
| 1927 | 2,325 | 192 | 186 | 2,985 | 745 | 2,080 | 1,131 | 1,302 | 629 | 47 | 11,622 | 180 |
| 1928 | 2,451 | 200 | 195 | 3,102 | 774 | 2,065 | 1,154 | 1,377 | 627 | 49 | 11,994 | 183 |
| 1929 | 2,361 | 192 | 197 | 2,913 | 750 | 1,850 | 1,190 | 1,381 | 637 | 71 | 11,542 | 173 |
| 1930 | 1,574 | 151 | 142 | 2,431 | 644 | 1,773 | 1,096 | 1,410 | 650 | 90 | 9,961 | 146 |

STATE INCOME

| Year | Government Enterprise Income, 1,000,000 Yen | Grand Total | Total per capita, Yen |
|------|--|-------------|-----------------------|
| 1919 | 195 | 10,633 | 186 |
| 1925 | 408 | 12,346 | 198 |
| 1926 | 435 | 12,072 | 190 |
| 1927 | 447 | 12,069 | 187 |
| 1928 | 450 | 12,444 | 190 |
| 1929 | 444 | 11,986 | 180 |
| 1930 | 455 | 10,416 | 153 |

Note: This table was made by Professor S. Hijikata for his book *The Structure of National Income*, Tokyo, 1933 (Japanese). But the Government Statistical Bureau also issued a table of the national income in 1930, in which the total income is shown as 10,635,785,000 Yen, 837 Yen per family and 165 Yen per capita. Even that shows about 20% reduction of the national income from 1925.

| Year | NATIONAL INCOME (1,000 Yen) | | RATIO | |
|------|-----------------------------|------------------------------------|----------------|------------------|
| | Total private income | Total income from salary and wages | Private income | Wages and salary |
| 1919 | 10,441,805 | 3,487,053 | 100 | 33 |
| 1925 | 11,898,985 | 5,644,930 | 100 | 47 |
| 1930 | 9,785,591 | 5,436,814 | 100 | 56 |

Analysis of income according to the different branches of industry and trade shows that it is not legitimately distributed, and indicates also how the distribution of wealth has been favourable to the financial capitalization. Village pauperism is clearly manifested in the amount of income of 281 Yen in 1930 for a family with four to five persons, which is really far below a decent living standard, amounting to a mere maintenance of life on a basis that no westerner could ever dream of.

No effective social services are guaranteed to them such as the state insurances of England. The *laissez-faire* economic ideas as to the relationship between employers and employees still prevail in the Japanese ruling classes in a queer synthesis between the Ricardian and the Eastern feudalist conceptions. Thus no Trade Union Act has yet been legalised, owing to relentless antagonism of the capitalists.

The big gulf between the 281 Yen annual income of the poor farmer and that of more than 30,000,000 Yen income of the Mitsui family constitutes a social problem of increasing gravity. Not only is there this divergence, but also the highest salaried employees in the big concerns, it is said, obtain more than half a million a year, whilst the average salary paid in business is about 1,200 Yen a year. The inequality of distribution of wealth in Japan, though far less acute than in America or Great Britain, provokes at present a strong anti-capitalist spirit. But it is regrettable to add that the impulse of these "anti-capitalists" is less a fundamental concept of equitable social and economic organization than mere envy, partly inspired by vaguely formed ideas, and partly by the increasing poverty of the masses.

Population. One of the most important problems of Japan is that of population. Many investigations of Japanese population have been made, but that of Professor Tejiro Uyeda is the most comprehensive, and also the most valuable, in that it deals with the future rather than the past. According to him, the marginal adjustment of the increase of population will be reached in 1970. During this period the estimated increase of population will be about 10,000,000 between the ages of 15 and 59.

If this postulate be correct, the population problem of Japan proper is a matter of providing for another ten millions by means of industrialization or by a rationalized economic system. But an additional problem is the increasing population of Korea and Formosa, which will gradually become a burden on Japan. The economic exploitation of these areas is to be offset, it appears, by the constant inflow of colonial workers to Japan. This has already affected the labour problem in Japan, where the larger part of construction works are employing Korean instead of Japanese labourers. A realization of the danger inherent in this fact is revealed in the encouragement now given by the Japanese Government to Korean emigration to Manchuria.

Capitalist Administration.—As is evident from the preceding survey, the capitalism of Japan has tended towards the rapid development of centralization in every branch of industry. Almost all branches of industry and trade have their own associations for negotiation with the Government and general regulation, such as limitation of production and hours of work, and so forth. Locally, there are numerous chambers of commerce and industry united in the "Japan Federation of Chambers of Commerce and Industry."

Beside this, the Japan Industrial Club was organized during the boom period of the Great War, amongst the big industrialists, traders, financiers and bankers, which *de facto* is the centre of Japanese capitalism. During the fight over the Trade Union Act in 1930, the capitalists of Japan organized the "National Council of Business

Men's Association," which deals with labour problems. There is also the Japan Economic Federation, an association of financiers, traders and industrialists, the purpose of which is to promote international economic collaboration through various international organs, especially the International Conference of Chambers of Commerce. This is the organization which recently set up a joint committee with the Federation of British Industries to promote Anglo-Japanese trade relations.

Economic Outlook. Japan's economic prospects depend on how far her economic latent forces, i.e. capital, raw materials, and labour, can be adequately harmonized in structure so as to be capable of being systematized for the purpose of industrialization. As to the relative importance of domestic and foreign trade, Japanese industrialization, in order to feed the present and the unborn population, not only cannot neglect the latter, but must concentrate her efforts on its expansion to provide a logical solution of the problem arising from the paradox presented by rationalization and over-production. Such, incidentally, is the policy of most countries in the world to-day. Even continental countries, like the U.S.A. or the U.S.S.R., cannot mitigate economic difficulties without the prosperity of foreign trade. The free markets of the undeveloped world are now entirely closed, since each nation in turn has established itself in uncivilized lands for the colonial service of the mother countries. The foreign trade battle has now resolved itself into a competition in low standards of living, rationalization of industries and trades being on an almost equal level in the leading capitalist states. Financial policy also affects, though temporarily, the development of foreign trade, as was conspicuously manifested by the prosperity of Japanese trade in 1932-33, which so much alarmed the Western world. This prosperous condition of the export trade of Japan led foreign countries to retaliate by closing their markets to her goods through the tariff or other methods of limitation. Such restrictions upon foreign free markets,

the consequent decline of exports, and over-production even under the present favourable trade conditions, make her industrialization seem well-nigh hopeless in prospect.

What economic policy is really capable of saving the Japanese economic system from the present confusion? A decline of the export trade and incapacity to carry bond issues will soon appear unless the legitimate distribution of natural incomes is made by an adequate policy. Once the door of Japan's markets is closed to her except for the recently procured one of the 30,000,000 inhabitants of Manchoukuo, over-production in industry and increasing population will continue to bring about a decline in individual income and make impossible any increase of employment, unless the capitalists and their government make a last effort to exploit systematically her potential economic forces in the application of a collective economic policy similar to the "N.R.A." of America.

The prospect of the capacity of the Japanese economic power can be foretold by consideration of the national wealth and the national income. The return in individual income on individual national wealth in the survey of 1930 was 9·3 per cent in Japan proper, while it was 10·7 per cent for the whole of Japan in that of 1925. The ratio of American individual income to individual national wealth is 17·5 per cent; that of Great Britain 15·3 per cent; that of Soviet Russia 19·4 per cent; that of France 15·6 per cent; that of India 15·9 per cent; that of Australia 24·8 per cent; that of Italy 20·8 per cent. Thus the ratio of the individual return to the individual national wealth is lower in Japan than in practically any industrial country in the world.

Another aspect of the question must be considered, that of the ingredients of the national wealth. Of the national wealth of 110,188,000 Yen, more than half, i.e. 37·3 per cent for land and 20·7 per cent for houses and buildings, is far less profitable than that of industry and commerce. There is 111 Yen national income per person among the agrarian population, whilst the figures are 471 Yen per

person for the mining population, 449 Yen per person in industry, 692 Yen per person in transport, and 357 Yen per person in commerce.

Inasmuch as half of the Japanese population is agrarian, the profit on agriculture and forestry is not more than one fourth of that on industry and commerce. It may be argued then that an agricultural country yields a lesser profit on national wealth than an industrial country. This would explain the differences between Japan and Great Britain, but it does not explain those between Japan and Italy, Soviet Russia, or Australia. The differences are clearly due to the fact that (1) the population is too large for the national wealth and income, and (2) that the utilization of the productive wealth in quality and quantity is on a low standard.

Now, as we have seen, efficiency in industry and trade is fairly high under the capitalistic system. Thus, the only methods to ensure further successful industrialization are to secure ready and certain access to raw material supply and free markets. For this the capitalist policy of imperialism is the only possible hope, unless the world conditions can be changed to meet Japan's needs. Thus, according to orthodox economic principles, we see Japan's political expansion imposed by her economic needs.

Is there any alternative? The Socialist answer is that we need to improve the standard of living of the masses, i.e. to establish economic equality. Our Socialists maintain that a voluntary and deliberate increase of the workers' standard of living is really the solution of the problem represented by the paradox of over-production and over-population. The question is as to whether the capitalist mentality now existing among Japanese economic and political leaders can allow the nation to choose this alternative. The answer to this question can perhaps be deduced from the next chapter.

CHAPTER IV

THE LABOUR AND SOCIALIST MOVEMENTS

IT WAS DURING the transition period between the feudal and capitalist régimes that the socialist and trade union movements actually began in Japan. The first introduction of socialist ideas is recorded by Professor Rheinhardt, who came to teach in a university in 1875. From that time the so-called advanced thinkers gradually introduced certain socialist ideas to the Japanese public. In February, 1887, a liberal magazine called *The Friend of the Nation*, edited by the famous conservative writer, I. Tokutomi, described the condition of the Second International and gave graphic accounts of May Day celebrations in Europe. It is interesting to note that the leading article in the September, 1890, number of the *The Friend of the Nation*, was entitled "Views of the Workers," and stated that "... what we want is to form trade unions among workers, to set up friendly societies for the workers so that they can save a part of their income and help each other through this fund when facing illness, unemployment or accident . . . and also to prepare for united action in strikes by the consolidation of workers of every industry to protect themselves if their interests are menaced."

Even at this time certain intellectuals understood European social conditions and that capitalism brought about class struggles which would necessitate the rise of trade union and socialist movements. Later on, in 1894-5, when the first Japanese industrial revolution brought about an economic boom, and the transition from the feudal agricultural economics to industrialization began to take place, the socialist and trade union movements began to take shape. In July, 1897, a society to study trade union organization

and to prepare for the establishment of such bodies in Japan was formed. Two years later, the Japan Labour Association was established and began to extend to railway employees, printers, iron and steel workers and those in commercial concerns. At this time, various pamphlets and magazines were published to propagate, although with the utmost crudity, the ideas of socialism, and to encourage the emancipation of workers through the trade union movement.

At the same time various foreign books on the subject began to be translated into Japanese, such, for instance, as the biography of Lassalle, which was translated by the famous Sen Katayama. Another striking event in the socialist movement occurred next year when the "Institute for Socialism" was founded by left-wing liberals and other advanced thinkers who had studied in America and Europe.

This society had only two years of life and afterwards all the Socialists formed the Social Democratic Party, among the members of which were Sen Katayama and Dr. Isoo Abe, now president of the Socialist Mass Party. The manifesto of the Social Democratic Party, drafted by Isoo Abe in 1891, read : "The way to destroy the distinction between rich and poor is one of the main problems of our time," afterwards defining the ideals of the party as follows : (1) Despite all differences of race, caste or political conviction, the principle of bringing the whole nation into comradeship should be encouraged. (2) For the sake of the peace of the world, armaments should be entirely abolished. (3) All class systems should be completely eliminated. (4) Land and capital necessary for the productive organizations should be socialized. (5) All transport organizations such as railways, shipping, canals and bridges should be nationalized. (6) Wealth should be equally distributed. (7) Equal political rights should be given to all the people. (8) Education should be free and on a national scale in order to attain equal education for the people." At the same time, the document outlined various other demands, such as the abolition of night work by young men and women, an eight-hour day with a weekly holiday, the protection of

farmers, universal franchise, and freedom of speech and writing. The manifesto also demanded the abolition of the House of Peers as a first step towards the elimination of class distinction and also openly stated that as militarism is in entire contradiction to the principle of democracy, so the party demanded total disarmament through gradual reductions. Although this manifesto represented a mere intellectual reaction against capitalist bureaucracy similar to that of the German Social Democratic Party against the iron Bismarckian rule, its publication was immediately followed by the dissolution of the party by order of the Minister of Home Affairs.

Subsequently, an attempt to form the "Japanese People's Party" was also smashed by order of the Government, but the publication of the *People's Newspaper* gave the socialist movement a powerful organ of propaganda. Unfortunately, it was not scrupulous in its adherence to socialistic principles, but advocated indiscriminately all leftist doctrines, including those of communism. At this time, it is of interest to note, Sen Katayama went to Europe to attend the Sixth Conference of the Labour International, which was held in August, 1904, at Amsterdam, as a representative of Japanese socialists. This was, indeed, the first step in promoting proletarian solidarity as between East and West. Incidentally, Katayama's intimacy with Lenin, Trotsky and Bukarin led to the introduction of communist doctrines into the Japanese movement.

During another economic boom after the second industrial revolution of 1904-5, there was something of a revival of liberal ideas under the Saionji government. Thanks to this, the Socialists succeeded in forming the "Japanese Socialist Party," in 1906, of which the principal demand was for universal suffrage. Of course, the movement was checked the next year by the traditional government policy of suppression. Later on, two famous criminal cases in which left-wing adherents were involved served as pretexts for the Government to suppress the rising trend of socialist and trade union movements by inflicting penalties

of one or two years' imprisonment for "disturbance of the public peace," i.e. for participation in socialist manifestations.

On August 1, 1912, another beginning was made with the trade union movement when the *Tuaikai* was established by Bunji Suzuki and fourteen workers in the form of a friendly society. The aims of the *Tuaikai* were, according to the somewhat diffuse original manifesto, (1) mutual assistance among members, (2) "the advancement of knowledge and promotion of moral and technical ability by our public ideals," (3) "attainment through our co-operative efforts of an improvement in our position." As the form of the organization was that of a friendly society, it escaped the rigid suppression of the law. Moreover, well-known liberals were invited to become advisers. Under such an impressive strategic screen the first centralized trade union was established. The membership gradually increased to 27,000 within the next few years. It is important to notice that the *Tuaikai* developed in the cradle of a Christian community under a purely social reform policy. In these circumstances it received external help even from leading capitalists like Baron Shibusawa, who placed funds and premises at its disposal.

In the records of a meeting in the fifth year of the *Tuaikai* it is stated that "the present labour movement in Japan is not at all a movement of the workers, but rather of professors and intellectuals." Undoubtedly this intelligentia leadership of the movement proved a great obstacle to its development. Right from the start the atmosphere was that of a university debating society, with its inevitable conflict of ideologies, the relative value of which the workers had neither the knowledge nor the experience to appraise. Had the leadership come from below, as it did largely in the British trade union movement proper, there would have been less ideas but a more firm foundation and a more steady and ordered progress. As it was, there were constant arguments and splits between leaders and thus little real united progress. The early history of the *Tuaikai*, under a president who was a lawyer and university graduate,

was nothing but a record of integration and disintegration.

Co-operation between the intelligentsia and the manual workers is essential in the early stages of trade union organization. The intellectual lead, such as that provided by the Lanark Labour laboratory of Robert Owen, is necessary to indicate the direction the movement must take. Nevertheless, jealousy among intellectuals is all too frequent, and this has disastrous effects on the movement as a whole. So it was in Japan. Conflicts between intellectual leaders came with the ideological confusions during the war. The intelligentsia leaders utilized these different ideas, such as syndicalism, guild socialism, communism and socialism, as their tools to attract workers' support. Personal jealousies, too, under a façade of ideological differences among the intellectual socialists brought about continuous divisions of the trade union front before the movement had gained a sound footing.

The *Yuaikai*, however, had an organization suitable for the functions of a trade union. It set up a central office with an executive committee and several departments such as legal consultation, medical advice, publishing, etc., and, through the funds of members, as well as the contributions from philanthropists, carried on its organization which enabled a participation in trade disputes from time to time. The President, Bunji Suzuki, travelled several times to America for the mitigation of the immigration policy, as a representative of the Japanese workers. The Great War between 1914 and 1918 brought prosperity to Japanese industries and gave a great chance to the Japanese organized workers to lay the foundation of the trade union system. Owing to the rapid rise of prices, the disparity between the cost of living and that of wages caused the famous "Rice Riot" of 1918, and at that time the workers naturally demanded an increase of wages. In the course of the trade disputes which followed, 7,800 workers were sent to jail.

Nevertheless, the post-war trend of liberal democracy exercised a great influence on the Japanese socialist and labour movement. In a few years, democracy seemed to

have overthrown the idea of conservative militarism. In this liberal atmosphere of the post-war world, socialism and social democracy seemed to have every prospect of development even within the frame of capitalist democracy. Parliamentary reform as against revolutionary reconstruction then represented the two opposing ideologies in the socialist movement of the world. Socialists and workers in Japan had to face the difficult task of choosing one or the other as their guiding principle when joining a trade union. During this time there sprung up many trade unions; some being independent of the *Tuaikai* and some joining it for the purpose of conducting industrial disputes.

The years 1919-1920 were an era of trade disputes during which there were numerous strikes in the various industrial centres. The most famous of these was the strike of the Mitsubishi and Kawasaki Dockyards at Kobe in which the strikers were counted at 35,000 and the period of the strike was forty-five days. The object of the strike was to gain recognition for the trade unions, the right of collective bargaining, freedom of entry of workers in the trade unions, and the setting up of a workers' council; in other words, merely to establish trade unionism in the Japanese industrial system. The conference of the *Tuaikai* in 1920 changed the name of the organization to the *Japan Federation of Labour*. This change of name indicated the progress made in trade union consolidation, but, at the same time, it marked the beginning of a disintegration within the Federation itself according to the different ideologies to which the leaders adhered.

At first these ideological conflicts were conducted with the utmost confusion, but from 1922 they gradually narrowed down to a split between socialism and communism. In 1923 the liberalism of Baron Kato's government led to a general expectation that universal manhood suffrage would be granted. At the same time the government accorded the right of nomination of workers' delegates, in the International Labour Conference, to the trade unions. This was epoch-making in the Japanese trade union movement in that the Japanese workers themselves had a chance to have

intercourse with their comrades of the West and actually to witness the working conditions of the trade union organizations there. The practical lessons thus gained have so far been more effective than any other teaching of the workers in realizing the true essence of trade unionism.

But from that time onward split after split occurred within the Federation of Labour. In 1924 it was urged to change the direction of the Federation of Labour to recognize and establish its principles entirely on trade unionism and nothing else. From this time the most radical of the trade unionists adhering to communism began to leave the Federation. Meanwhile, the leadership of the Federation of Labour gradually fell in the hands of the workers. At the conference of 1924 occurred the first open split, when all the communist members of the Eastern District Department in the Federation resigned; the next year the same thing happened in the Western District Department.

These expelled or retiring leaders formed the Japanese Labour Union Council as a Red Trade Union organization and continued to work apart from and against the Federation of Labour. This council was ordered by the Government to be dissolved as a part of the communist movement after the communist trial in 1928. At that time one section of the movement founded the National Conference of Japanese Trade Unions on the one hand, and on the other formed a political General Council which assisted the National People's Party. In the next year, 1925, the universal franchise was voted by parliament and the workers endeavoured to form a united proletarian party, for both political and industrial purposes. They succeeded in establishing a provisional body, but this was dissolved by order of the Government on the day of the formation in May, 1926.

After this failure to establish a united front, three distinct sections of the trade union and socialist movement came into being. Meanwhile, other trade unions were founded, but most of them adopted the same form of organization as the Federation of Labour, and consisted neither of craft nor industrial unions, but were only a congregation of small

trade unions into a loose confederation. There was no strong trade union organization, except the Japanese Seamen's Union, owing to the lack of funds, but at the same time there arose a particular method of *entente* in strikes which no western country had ever before tried.

Since the funds of the trade unions themselves were only sufficient to maintain a strike for a few days, the dealers adopted the device of getting a part of the expense of the strikes from the employer as one of the conditions of settlement. These funds were generally known as "folded money" and the amount of it in any given case was never revealed, as one of the stipulations of the settlement of the dispute made by the capitalists. The question therefore arose as to how much the union leaders got of this money personally, or how this "folded money" was really distributed. This naturally shook the workers' confidence in their leaders, and capitalist strategy naturally tended towards the dissemination of rumours—many of which, indeed, were founded on fact—that leaders were accepting bribes from factory owners.

It can be well imagined that unions functioning under such conditions could not greatly extend their influence or improve their organization. Indeed it can be said that, apart from the component unions of the Japanese Federation of Labour, only the Japanese Seamen's Union was able to reach the same standard of influence in its own trade, financial solvency and efficient organization as the larger unions of the West. The admirable work of Mr. Hamada and the benevolent services of Mr. Narasaki were largely responsible for this result. At the same time a tribute must be paid to the great body of unknown seamen who have worked in complete co-operation with the leaders to facilitate their work and enhance its value.

Much encouraged by the successful example of collective action given by the Seamen's Club (an organization founded in 1896 by higher marine officers to promote technical efficiency and mutual welfare of members) which obtained increased wages during the Russo-Japanese War,

Mr. K. Hamada and his colleagues established in 1906 the Seamen's Association with the object of reforming the habits of seamen and improving their conditions on board. With incalculable patience and persistence they built up a genuinely collective movement, and finally succeeded in calling out the seamen for the first and historic strike of 1912, by which a 10 per cent increase in wages and a general improvement of conditions were obtained.

During the next eight years the Association conducted successfully several other disputes with the shipping companies, but as it was affiliated to the *Yuaikai* it suffered to some extent from the weakness infecting the general movement. In these circumstances it seemed desirable for seamen to form an independent body and build up an organization on the model of seamen's unions in the West. In 1920 the Government appointed Mr. Hamada and Mr. Horiuchi as advisers to the workers' delegate at the Maritime International Labour Conference at Genoa in 1920. From the experience gained in Europe, and after a full investigation of Western methods, Mr. Hamada formed in 1921 the Japan Seamen's Union which brought together twenty-three different associations of seamen. Mr. T. Narasaki was called upon to be President.

To meet the immediate requirements of Japanese seamen the Union began to organize systematically its work and its finances. The motto adopted was : "Power rather than Words ; Intrinsic rather than Superficial Dignity." The first active steps taken were to obtain the right of collective agreement and the right of seamen to obtain employment through their Union. With regard to the latter right, the Seamen's Labour Exchange Act was passed in 1922, which provided that employment should be found by seamen through joint associations representative of shipowners and seamen or through the State itself. Thus the Seamen's Union as a body was completely ignored. Considerable agitation followed, including the presentation at the 9th International Labour Conference by Mr. Narasaki of an appeal to the world against the unjust action of the Japanese

Government, and the threat of a general strike of seamen. As a result of this, in 1925 the Government agreed that all matters concerning the employment of seamen should be determined by the Joint Maritime Board to which representatives of the Japan Seamen's Union should be admitted as members. By 1928 the principle of collective agreement was also attained. Following a strike involving some 350 steamers, the Shipowners' Association finally accepted the minimum wage system and it was agreed that this should be applied through the Joint Maritime Board.

In October, 1929, Mr. Hamada went to Geneva as the Japanese workers' delegate to the 13th (Maritime) International Labour Conference, and drew up in collaboration with Mr. Yonekubo the historic agreement with Mr. Edo Fimmen. At Thoiry, on October 26, a formal agreement was entered into for the affiliation of the Japanese Seamen's Union to the International Transport Workers' Federation, and official affiliation took place in March, 1930. It was the first occasion on which any Japanese trade union had entered into the international movement. At the London I.T.F. Congress in September, 1930, Mr. Hamada was elected member of the General Council.

The membership of the Union had arisen to 88,948 at the end of May, 1930, and the funds of the Union at the same time were considerable. The Union has a head office at Kobe, 14 branches in the various ports of Japan, and 11 Seamen's Homes. Mr. Hamada is President and Mr. Horiuchi Vice-President. Mr. Yonekubo is the head of the international department. The Union is divided into an Organizing Department, Political Department, Research Department, Education and Publicity Department, International Department and Financial Department.

One of the great services which the Japanese Seamen's Union is rendering during the present slump period is the establishment of the experimental *Jusanjo* (special working factory belonging to the Union) in order to alleviate the distress arising from the unemployment of such large numbers of seamen. In Japan there is no social legislation

for the benefit of the unemployed, so that the Union's help is the only relief the out-of-work seamen obtain. The *Jusanjo* scheme is to employ seamen in the Union's special factories. Any member of the Union who has registered his name at the Seamen's Labour Exchange of the Joint Maritime Board within one year from his disembarkation may, after a period of two months registration, apply to enter the *Jusanjo*. On application, with a certificate of unemployment from the Seamen's Labour Exchange, the seaman's name is entered in a book and he enters the *Jusanjo*, when a vacancy occurs, in the order of his application.

The working hours are from 8 a.m. to 5 p.m., with one hour's rest from 12 to 1 o'clock. The allowance per day is from one Yen to 1'20 Yen, but special consideration is given to members with families dependent on them. The *Jusanjo* is making an effort to obtain a sufficient profit to enable it to maintain this unemployment benefit without outside help. The Japanese Seamen's Union is now, therefore, working not only as a fighting Union, but also as a Union for the assistance and benefit of its members in every possible way.

Officials of the Japanese Seamen's Union are strongly of the opinion that the full activity of the I.T.F. alone can save our Eastern transport workers from the exploitation to which they have for long been subjected. In this respect no international solidarity can be possible without a systematized organization of the workers of the East. That is the reason for the creation of the Eastern Secretariat of the I.T.F. with which all Eastern workers must co-operate to promote the unity of the Eastern transport workers against imperialist capitalism both within and without.

Much space has been given here to the development and activities of the Japan Seamen's Union, because the authors feel that this body has given a valuable lesson to Japanese trade unionists as to what can be achieved by concentration on the attainment of practical gains. The only body in the general field which has done even half so well is the Japan Federation of Labour, which has organized the industrial workers in the most efficient way possible, and in spite of

the immense drawback of internal ideological arguments has become now one of the strongest and best-organized labour federations in the country. The trend towards disintegration was arrested after 1928 through the workers' experience of real fighting not merely in trade disputes but also in the political battles, which led to the desire to establish a united political front of the working-class movement. Japanese Trade Unionists have begun to realize that trade unionism is a realistic movement, whereas socialism as such is more of an ideal movement for the attainment of economic liberty. The transfer of the leadership from the intelligentsia to the workers is nothing but a change of trade unionism from theory to reality. Practically also the Government and the public itself have come to realise the value of trade union organization and collective agreement as a method of regulating the relationship between labour and capital. Nevertheless, the Japanese trade unions are still organized under the general association law. In 1930-31 the Hamaguchi Liberal Ministry introduced a Trade Union Bill as a government measure, but the influence of the big employers of labour was too strong, and the bill was rejected in the House of Peers.

In spite of this, progress in the movement has gone on. In 1932 was established the Japanese Trade Union Congress, consisting of 11 trade union federations with 275,704 members or 79 per cent of total number of organized workers. This body is really led by the Japanese Seamen's Union and the Federation of Labour.¹ The aim of the Congress is the confederation of various trade unions, and the leading principle of this national centre is to set up "sound trade unionism" amongst trade unions of more than 1,000 membership. It has already nominated delegates to the International Labour Conference. It also conducts discussions of general trade union matters at an annual conference, while its central national council endeavours to put the resolutions of the conference into practice. The executive consists of the Chairman, Mr. Hamada

¹ See following List of Trade Unions.

(President of the Japanese Seamen's Union), Vice-Chairman, Mr. Komakichi Matsuoka (President of the Japan Federation of Labour), the General Secretary, Mr. Yonekubo, and a Council chosen by the conference. In 1934 the annual conference set up a political department to regulate the actions of the Congress with the Socialist Mass Party, which is in a sense its political mouthpiece.

Recently, on the initiative of the Federation of Labour, the Congress has taken up a policy of enlargement of collective agreements which has already been very successful in various branches of industry and trade. In certain trades it is a great advantage not merely to the workers but also to the capitalists to organize the industrial or trade cartels on the basis of a collective labour agreement, this form of planned control in Japanese industries and trades, and particularly in governmental undertakings, has come to be regarded as a panacea for all present economic evils. Actually, of course, it serves merely to facilitate the movement towards trusts and combines in the natural development of centralized capitalism. It provides at the same time, however, an advantageous trend for trade union consolidation. Although this policy is anti-socialistic in principle, the realistic leaders of the Congress consider that, in the present case of reaction, they are well advised to take advantage of it to secure what benefits they can in the extension of trade union influence.

The rise of nationalist and fascistic movements in the world, accelerated in Japan by the Manchurian expedition, has led to the establishment of a few "nationalist" or "national-socialist" trade unions. These bodies are concerned more with politics than economics, and more with ideology than either. As custodians of the workers' practical interests they are of dubious value. It thus emerges that there are three groups of trade unions at present: (1) socialist trade unions, (2) unlawful Red trade unions, and (3) nationalist fascist trade unions. Of these, the first, of course, are the most numerous and influential as the following figures show:

TABLE OF TRADE UNIONS (Dec. 1933)

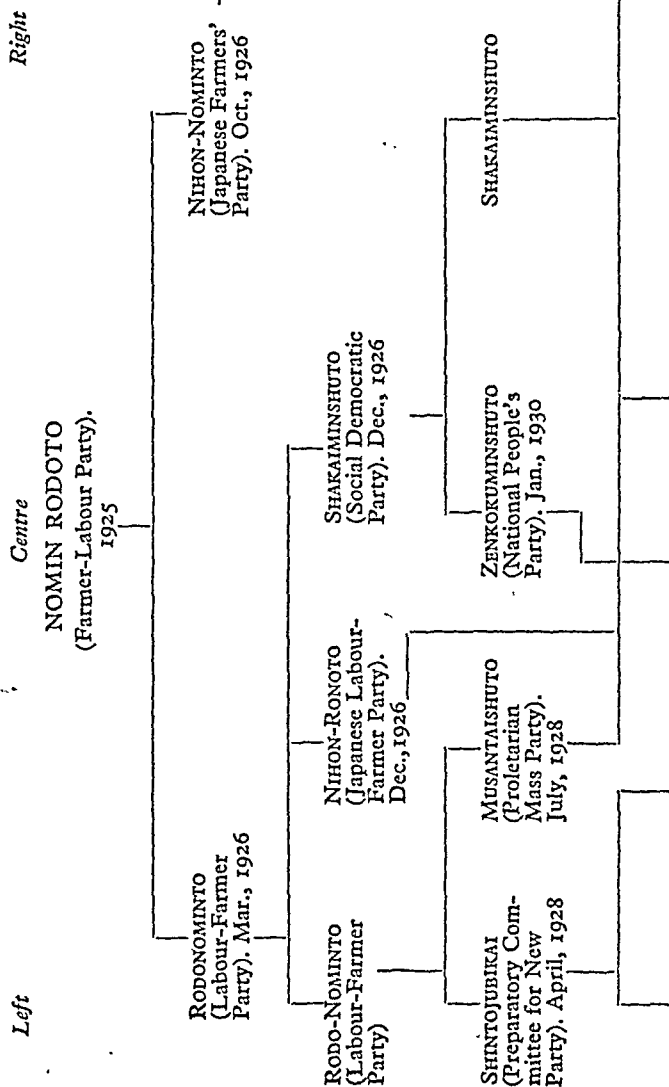
| Name | Tendency | Numbers of members |
|--|--|--------------------|
| Japan Seamen's Union . . . | Trade Unionism or Social Democracy | 96,769 |
| Japan General Federation of Labour . . . | " | 51,165 |
| National Federation of T. U. . . | " | 45,530 |
| Japanese Confederation of T. U. . . | " | 25,437 |
| Mercantile Marine Officers' Assoc. . . | " | 13,854 |
| Japanese Union of Harbour Employees . . . | " | 11,829 |
| General Federation of Employees in State Enterprises . . . | " | 8,450 |
| Japanese Federation of T. U. . . | " | 7,690 |
| Union of Tokyo Electric Co. Employees . . . | " | 2,000 |
| Tokyo Gas Industry T. U. . . | " | 1,980 |
| Japanese Union of Iron and Steel Mfg. Employees . . . | " | 11,000 |
| Japanese Trade Union Congress | " | 275,704 |
| Confederation of Naval Arsenal Workers . . . | Trade Unionism | 33,000 |
| Japanese General Confederation of Transport Workers . . . | Left Social Democracy | 12,000 |
| Tokyo City Employees Union . . . | " | 1,800 |
| National Congress of Unification of T. U. . . | " | 2,000 |
| Japanese General Council of T. U. . . | " | 6,000 |
| Japanese Industrial Army . . . | Nationalism | 1,500 |
| Japanese Industrial Labour Club . . . | Japanism | 10,000 |
| Associated Society in Dept. of Communications . . . | " | 1,800 |
| Japanese General League of T. U. . . | State Socialism | 3,000 |
| Japanese National Council of T. U. . . | Anarchism | 500 |
| National Federation of T. U. . . | " | 850 |
| Others . . . | Total . . . | 347,354 |
| | Grand Total . . . | 21,053 |
| | Total Number of Industrial Workers . . . | 368,407 |
| | Percentage of Organized Workers . . . | 5,126,719 |
| | | 7.1 (%) |

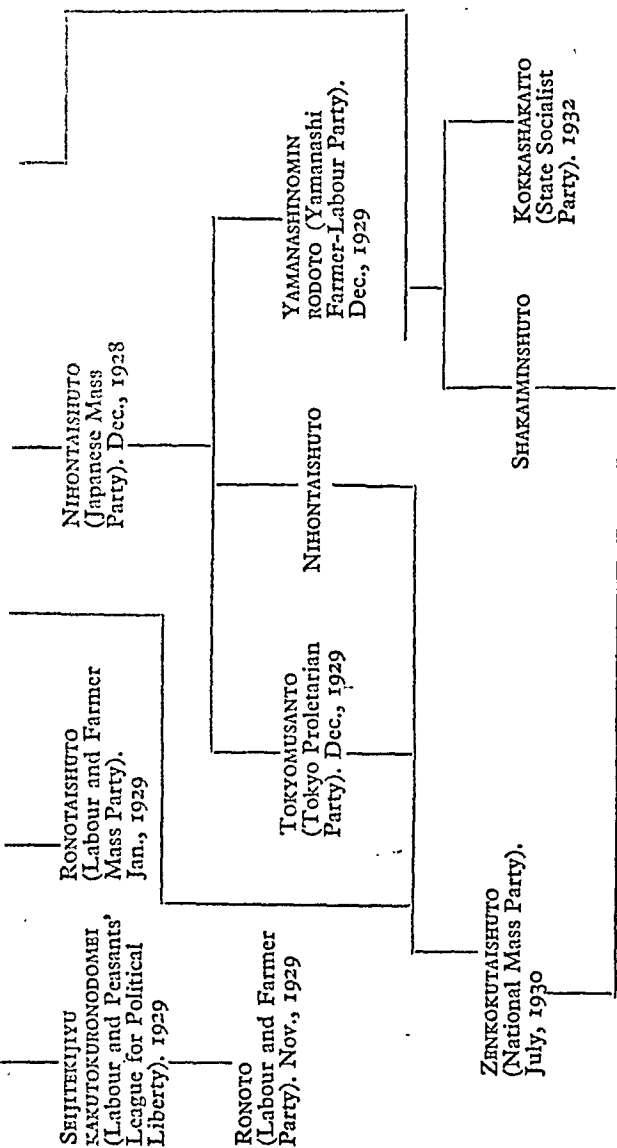
Surveying the movement as a whole, there are few grounds for satisfaction. Less than 10 per cent of the country's industrial workers are organized in any way whatever, the rest being without any means of defending their rights as against employers. Those who are organized are subject to a law which does not explicitly recognize the status of their organizations, which means that pressure, almost to the point of actual suppression, could be exercised against those organizations by simple departmental order. This failure to obtain explicit recognition is due, of course, mainly, to the sustained and adroit resistance to the movement offered by the capitalist leaders ; it is due also, however, to the relative paucity of co-operation between the Trade Union movement as such and the political Socialist movement, as will be shown in the pages which follow.

Political socialist parties date in Japan from 1925 only, when universal suffrage was passed. They have suffered even more than the trade unions from the general lack of unity in the movement, as is natural enough since political objectives lend themselves more readily to a variety of ideological adornments. The table on pp. 190-1 gives some idea of the multiplicity of splits, formations and re-formations which have occurred within the last ten years.

Socialism in Japan is regarded amongst trade unionists as a realistic policy of social reconstruction. Since no fundamental ethics or philosophy can be put forward except those of Marx, socialism to them is merely a plan to reconstruct society through the peaceful parliamentary method. Therefore, no sooner do the members of the various parties face practical politics than they are forced into boundless compromises with the socialist faith. In the modern economic community, especially in Japan, the fashion for planned control of industry or trades has begun to prevail in such a way as to remove any clear distinction between capitalist and socialist control. No liberal, at present, who has ever propagated the *laissez-faire* liberalism of Darwinian competition, can really fail to accept collective control. It is not then surprising that national socialism has become

DEVELOPMENT OF POLITICAL PROLETARIAN PARTIES





a popular political creed here. The movement in Japan has, of course, local attributes. It glorifies the "Japanese spirit" and advocates an "Emperor and people" system; it criticizes the capitalist hegemony; but does not at all reject a monarchical capitalist equal community.

There are three different groups in the national-socialist or Fascist (this would appear to be the more appropriate name) camp. These are products of three fairly distinct attitudes of mind: ruling-class temper, neo-feudalistic chivalry, and state socialism. The bureaucrats, some big capitalists and the military support the first group, since they have been accustomed to dominant power either through capitalist predominance or governmental or military bureaucracy. Long possessed of authority, the ideology and ability associated with leadership have become characteristics of these classes. They were followed by the public as a result either of the traditional blind obedience to authority or of hero worship of the prominence of politicians, the bravery of soldiers, or the "modern" success of business men. When the ascendancy of these ruling classes was challenged by socialism and democracy, they propounded a new mystery of ruling technique: that is, Fascism or the theory of the corporative state.

But even within this first group, there are obviously again three sections, each of which has different interests and consequently different methods of dictatorial technique. The main aims of the capitalist are the preservation of private property ownership and the increase of wealth; that of the bureaucrat is the maintenance of a static oligarchy; whilst the Japanese military are disinterested as far as material wealth is concerned, but ambitious for power and glory. It is thus evident that the capitalists and bureaucrats can combine fairly easily while the military's advocacy of "monarchical communism" or "anti-capitalism" is in contradiction to the capitalist hegemony, even though fundamentally militarism is a part of modern capitalism.

It is here that the military incline towards the neofeudalistic group in the Fascist camp. This group is essentially

academic, led by scholars and animated by a medley of oriental philosophies. Roughly speaking, these creeds advocate the re-establishment, under the divine Emperor, of a patriarchal community, in theory socially classless and economically egalitarian, imbued with an ultra-nationalistic spirit, not as a means for mere protection of collective interest but as a natural means of self-expression for individual and nation alike. The mystic appeal of such doctrines to the Japanese need hardly be stressed in view of what has been said earlier.

The State Socialist group is composed of people, and animated by ideas, less unfamiliar to Western minds. The leaders are for the most part former Socialists, who see in the modern doctrines of planned national economy a hope of attainment of their social and economic ends greater than that offered by the international socialism they have advocated until comparatively recently. They are influenced, of course, by the apparent failure of democratic institutions to accord them the necessary political power, and by the world-trend towards an increasing nationalization of economy. In the Fascist technique there is the promise of "direct action" of which many of them of more Left inclination were in favour even in the past. Thus they are ready to make common ground even with capitalists, bureaucrats and soldiers in the hope of securing thereby Socialist reconstruction on a national basis. It is to be noted that approximately the same attitude is adopted by "converted communists." They now recognise the "special sacred character of the natural polity" and advocate social and economic equality within the present political structure.

Thus, the common policies of all these three sections are as follows: (1) The maintenance of the national polity; that is, the patriarchal relationship between the divine and perpetual monarch and his subjects. (2) The establishment of centralized power under the Emperor: and the abolition of parliamentarism. (3) Abolition of the established political parties. (4) Abolition of the present capitalist economic system: and establishment of state-controlled

economy. (5) Anti-Communism. (6) Insistence on a positive foreign policy. (7) Recognition of state sovereignty and racial determinism.

The ruling political idea here is that of the "benevolent dictatorship" of the Chinese and Japanese philosophies, Shinto, Confucianism, and Bushido feudalism. The political technique for the execution of such an idea is obviously the unique Japanese one, that of veiled regency, to which reference was made in the section on Government. Thus there has been no Mussolini or Hitler in the Japanese Fascist movement in its right or left camps, for such a figure is neither necessary nor desirable.

Of the outgrowths of the Labour-Socialist movement in Japan, there remains only to consider that of communism. Communism in its Marxian form was received without criticism from the first by intellectuals and certain workers in the Far East. The greatness of Marx and Lenin was fully recognized by the Japanese socialist movement, as was proved by the conversion of Sen Katayama and early capable socialists to the creed of the communist International. What has prevented the movement from greater development in this country can be said to be: (1) the terrorist conduct of many of its partizans, (2) police oppression, (3) its preoccupation with remote ideals rather than immediate practical objectives.

The split of the Communist group from the Japan Federation of Labour in 1925 produced the General Labour Council representing the Red Trade Unions. From then on the Red germs spread throughout the various branches of the socialist and labour movement. But once the Red movement extended towards politics the police immediately took action. The dissolution of the first proletarian party, the *Nomin-Rodo-To* (Farmer-Workers' Party), in 1925 by government order, turned communism gradually into an underground movement, and the round-ups of March 15, 1928, and April 16, 1929, put an end to the party's activity, following the imprisonment or deportation of leaders. The Communists then moved either into the

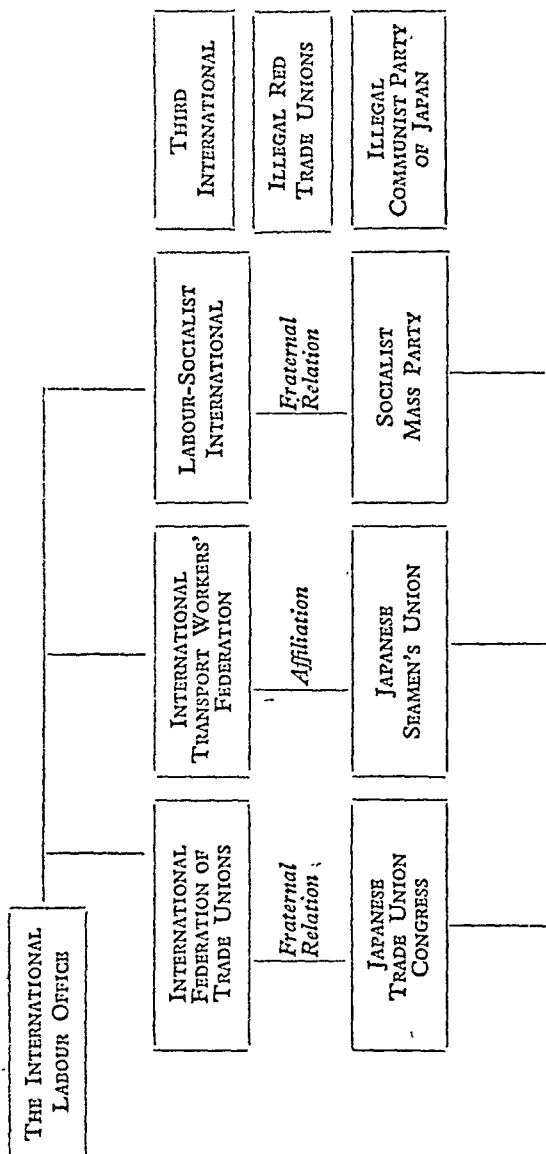
proletarian literary movements or formed secret societies which maintained constant activity, including the regular publication and distribution of literature, in spite of the police vigilance. Latterly, the relentlessness and cruelty in the police hunting of the Reds has extended, and there have been constant rumours, as well as more or less authenticated reports, of the torture of these prisoners while under police examination. By such means most of the leaders and, it would seem indeed, most of the rank and file Communists have been caught and sentenced. The number of convictions of Communists has amounted to over a thousand. Meanwhile, the Rodo Nominto (Workers and Peasants' Party) has apparently ceased all activity, and it is even doubtful whether it still has any corporate existence.

One of the more recent features of the various police campaigns has been the conversion of the Communist leaders to the mysterious "national communism" referred to earlier. Such conversions, of which those of Sano and Nabeyama (the most famous of Communist leaders) in 1933 were the most outstanding, had the effect of reducing the sentences imposed on the converts. This naturally engendered doubt as to the sincerity of the alleged changes of heart. But, sincere or not, these conversions of leaders have naturally discouraged other Communists or would-be Communists and dealt a tremendous blow to the whole movement. It should be added that the public statements of the converts show them now to be in favour of doctrines hardly distinguishable from those of the Fascist "national-socialists" of earlier mention. The converted Communists admit the monarchical system of Japan and the racial determination, while advocating the communist economic system of control.

Now it must be evident that all this Fascist, national-socialist, or "converted" communist anti-capitalism does not mean socialism at all in the strict sense of the word. That the bulk of anti-capitalistic forces should have turned in this way is due partly, of course, to the special revival of

nationalism here following the Manchurian incident, but mainly to the imitative characteristic of the Japanese. Thus it can be said that while the outside world continues in its drift towards nationalistic fascism, Japan will be nationalistic within and imperialistic without. With these forces in direct opposition to the genuinely socialist minority at a time when there is a growing lack of confidence in parliamentarism, the outlook for socialism in this country would seem to be hopeless to any clear judgment, unless the actual facts of modern capitalism can be presented to the public with a general renewal of lucidity and with particular reference to the position of Japan. It is the latter arguments which would have the more telling effect. As has been noted, the various Fascist organizations admit, or pretend to admit, the necessity of some measure of social reconstruction ; at any rate such is the basis of their popular appeal. Where they part company with the orthodox socialists is in their rejection of internationalism. Now enough has been said of the economic equipment of Japan for it to be evident that she, least of all the great nations of the world, is able successfully to pursue a policy of economic isolation whether under a capitalist or a socialist system. She must depend on the international market to maintain a standard of living above that of meeting bare need. Her capitalist leaders know that better than anybody, in spite of all their talk of national planned economy, and as this fact is fairly easy to demonstrate, it is along these lines that the orthodox socialists should develop their campaign while strengthening their own international connections.

Contact with the international trade union movement was officially established for the first time at the last conference of the International Labour Organization at Washington in 1919, but the real approach to the labour of the world by the Japanese Trade Unionists was made in 1923 when the Government allowed the workers' delegation to the conference to be nominated by the trade unions. Then there came the gradual co-operation of the Trade Unions in Japan with the International Federation of Trade



Unions and the Labour and Socialist International, as a result of the transfer of leadership in the Japanese movement between 1919 and 1929 from Marxians to Fabian Socialists. The growth of popularity of the Fabian creed was certainly accelerated, it might be added, by the advent of the first Labour Government in Britain.

The epoch-making co-operation of the trade unions in Japan in the International Workers' Free Trade Union movement came in 1929 when the Japanese Seamen's Union became affiliated to the International Transport Workers' Federation. The International Federation of Trade Unions invited a representative of the Japan Federation of Labour as a fraternal delegate to the annual conference, and the Second International Labour Socialist International also welcomed members of the Japan Social Mass Party as fraternal delegates. The table on p. 197 shows the extent and nature of Japanese co-operation with the international proletarian movements.

This co-operation is certainly inadequate enough, but it must be remembered that never have the Japanese felt the *elan* towards internationalism which grew out of the romantic democracy of the nineteenth century. Only a few people at any time felt any appreciation of Lord Morley's "Compromise" or Wilson's idealism. Yet one cannot believe that the international *elan* among workers will fail for ever. It will doubtless be revived here as elsewhere, when the uneasy alliance between capitalists and fascistic national socialists can no longer be maintained. That alliance represents a last ditch expedient, no less here where it is enwrapped in the mists of oriental philosophy and feudalistic tradition than elsewhere, where it is more openly proclaimed as a militant defence of property. When the expedient fails, as in the end it must, the international solidarity of the workers' cause will be realized, and this more quickly in Japan than in most other countries, first because of the economic needs imposed by geography and second because of the rapid adaptation to new tendencies characteristic of the Japanese people.

CHAPTER V

GENERAL SOCIAL CONDITIONS

The Family. No matter how completely the Japanese political or economic systems have been transformed to a capitalist structure, social institutions and ideas have of necessity remained to some extent under the domination of feudal traditions and customs. Since capitalism is essentially individualistic in character, its penetrating force has gradually altered social systems and ideas towards individualism, but the social unit of the family has not yet, after seventy years of modern capitalism, been so transformed. The acquisitive sense of capitalism, owing to the social traditions, was transmitted to the unit of the family instead of to that of the individual. The mutual assistance amongst relatives has been an unquestioned virtue of Japanese capitalism. The patriarchal system involves the ethical responsibility of the eldest son to keep the family on a decent standard of living. As long as the economic stability of the family lasts, this system can continue as a social institution providing security against unemployment. But when the stresses of modern descending capitalism completely impoverish the family, the only patriarchal system available is that represented by unemployment insurance. At this point, although the social and psycho-economic unity of the family remains, circumstances force it into practical economic disintegration.

It is natural enough also that the generosity of the capitalist to his employees under the traditional ethics of the family system should temper the acerbities of capital-labour disputes and exercise an influence on the trade

union movement. The effect of this influence, however, has been that the movement is actually kept from progressing. The generosity of the family system cannot be expected to be a part of competitive industry, except in small-scale home industries, since it is quite incompatible with the Ricardian theory of labour. This paradox has already been demonstrated by the outbreak of the epoch-making strike of the Kanegafuchi cotton factories, where the young women protested against the limitation of their freedom of action imposed by the dormitory system hitherto assumed to be a manifestation of the paternal attitude of employers towards employees.

The conspicuous economic effect of the family system has been the capitalist ideal of building up a family kingdom to reign over the various branches of industry. This trust system, which can be called "feudal capitalism," for a long time developed along the lines of the financial trust, until the modern idea of "planning control" began to emerge. Thus, by the economic force of planned control, family capitalism has gradually developed into the "holding company," i.e. the financier, with the trust covering all branches of industries and trades. This trend has begun to turn the direction of "feudal capitalism" into a "systematized capitalism" as in the West.

Education. One of the great problems now facing Japan is that of education. After seventy years under the modern system, the general standard of education has been promoted to a level practically equal to that of the civilized Western countries. It must be noticed that the number of universities in Japan is much larger than that in Great Britain. The Imperial University and the various private universities, under the government control of the University Act, are not to be thought of as sources of attaining a free development of thought, but as training grounds for the servants of the modern capitalist system. The whole aim of this "certificate education" is to secure for its products a means of livelihood as technicians in the present society.

The large-class lecture system and the almost total absence of tutorial usage discourages creative initiative among students. Not only is there lack of freedom of education in the university, but also the national unity in the educational policy pursued towards the elementary and middle schools has prevented any freedom of thought from developing in the average public mind. One type and one mould of human being is shaped, out of six or eight years of boys' and girls' education, and this on the "approved" Japanese model. This model is imbued with the "Japanese spirit" and accepts uncritically the capitalist civilization, the teachings of which are always tacitly or expressively read in text books, carefully censored by the authorities to ensure the maintainance of the Japanese "Kokutai."

After the Great War, the academic study of new social doctrines was undertaken by younger scholars who rapidly injected them into the fresh minds of the people at large. Formerly, the leading ideas in social science constituted a simple justification of the capitalist social foundation, but once philosophical speculation was introduced into social studies, an acutely analytical and critical spirit arose among the more able students. With the fruition of communist ideas, there appeared among the educated young men what the Japanese call "dangerous thoughts." The dismissals of young Marxian professors for the presentation of these communist thoughts have occurred frequently, from the time when an able economist, Dr. Tatsuo Morito, was compelled to resign and to spend six months in prison for advocating Kropotkin's principle in one of the popular magazines.

It is interesting to note in this connection the relative influence of socialism and communism on the student mind. Since socialism is based, not on revolution, but on parliamentary reform, its advocates have been regarded as a part of the capitalist camp. At the same time, as the result of the restriction and suppression of communism, the Red doctrines have acquired the attraction of forbidden fruit. However, it is not of great importance which method of

social reconstruction finds favour with students. The educational policy of Japan is entirely opposed to all such conceptions, even to the slightest radical democracy. On the other hand, the authorities have encouraged the recent trend towards reactionary fascism. The creeds of nationalism, militarism, and racial independence find about the same favour in the universities to-day as outside. The educational policy has expressively prepared for, and now naturally favours, these nationalist theories. It is doubtful of course whether these theories are really accepted by the students in the form imagined by the authorities. Conversation with "reactionary students" leads to the conclusion that it is the collectivism of the new policies which attracts them rather than the semi-mystic, semi-military nationalism. There can, however, be no question that, for the moment at least, all the idealism of the youthful intelligentsia is devoted either to Fascism or Communism. Social democracy appears to them as a much too colourless creed.

Popular education outside the schools is mainly conducted by commercial journalism, the development of which has been amazing. The Press is of course under the severest censorship as far as the expression of opinion on public affairs is concerned, so that it does even less than official education to develop powers of discrimination among the people at large. On the other hand, it feeds them on a rapidly changing diet of superficial accounts of this or that tendency in the world at large. It cannot of course be said that the influence of the Press is entirely bad. It has done much to quicken a healthy interest in sports and to develop a taste for Western music, for example. But by and large, by the very multiplicity and multiformity of the fare it provides, it seems to rob readers of all sense of proportion and discrimination.

One word more must be said of education as a whole. The restriction of freedom of thought and expression makes it obligatory to meet the will of the government, within the ambit of which the scope of both journalistic and scholastic

expression must be maintained. This brings about a degeneration in the standard of wisdom and knowledge in general, for no men of science, especially of any social science, can study satisfactorily without being free openly to criticize existing institutions.

Daily Life. More rapid westernization than in any other Eastern country has made Japan, as western tourists have said, a disappointment to those who seek here ancient oriental beauty. This survives only in the historic buildings or works of art or in the rural communities. Otherwise, the capitalist, materialist civilization has penetrated into every part of Japanese life. Superficially, the life of the Japanese people, at least in the cities, is not very different from that of the west, since there have been gradually secured the same kinds of pleasure and the same material amenities, although perhaps in lesser degrees.

It is only in literature that one notices a strong survival of indigenous influences. In the modern novel and drama, no matter what the school, the reception and copying of Western themes and ideas is the predominant feature. But poetry, such as that of the Akaragi School, the *Kabuki* drama, as well as that unique production of Japan, the *Kodan* (historical story), serve at once to reveal the nature of ancient Japanese culture and by their present vitality to assert that this culture has not been swamped by Western importation.

The position of women has made great progress since the Meiji Restoration. It is interesting to note that, up to the Nara Period in Japanese history, when private property was established under the family system, women had equal authority to men, and moreover often constituted an intelligentsia, as is strikingly illustrated in the work of Lady Murasaki, author of the famous *Genji Monogatari*, made available to the Western world in the masterly translations of Arthur Waley. But since the private property organization was established, the patriarchal family system caused a decline of the position of woman. From that time onward

the system brought about the disappearance of her rights. The subjection of women, nevertheless, has gradually been mitigated ever since western civilization was introduced. The ideas of feminine morality have changed a great deal within the family system, so that in time Eastern women will become equal to those of the Western. Economic independence as professional or commercial workers has brought liberty to the women of Japan who no longer need to work merely as household servants, and this gradually will loosen the family restrictions, aided also by the greatly improved educational advantages now offered. There are many women's colleges, and some universities admit women students. Also the scope of women's work is more and more enlarged. There is no doubt that the modern Japanese women are very different both in physique and in their attitude towards social and family obligations from those of twenty years ago.

The large cities of Japan such as Tokyo or Osaka are not very different from any western metropolis, but there is a confusion of concrete buildings and wooden Japanese structures, and we see sometimes semi-western houses and edifices which recall those of colonial communities. Cinemas, theatres, electric advertisements, paved roads and motor-car traffic, cafés¹ in the main streets, all combine to give to the large cities an aspect hardly distinguishable from that of a Western town. The interest of the townspeople is regularly concentrated on baseball matches between universities or colleges, whose teams are almost up to a professional level. Dance-halls, too, attract the young men in the towns, although officialdom hesitates as to whether it will smile or frown on this amenity.

While town life has thus marvellously improved, and offers the citizens abundant amenities and amusement, the poor farmers work day after day in less pleasant conditions, catching but a fleeting glance at the gay life of dance-halls, cafés and music-halls. The farming youngsters cannot long

¹ The café in Japan is not at all as on the European continent, but is a kind of bar with girl attendants.

remain satisfied with only hearing the "*naniwa-bushi*" (musical Kodan) by radio, but will demand the same amusements as the townsmen.

The day of this demand is feared by the national leaders of all kinds. The docility of the Japanese workers of every type under social and economic conditions which would be thought intolerable in the west is, as we have said, a heritage of the feudal tradition. That this tradition is kept alive is due less to its past general strength than to the fact that in the present a particular community, that of the farmers, still lives on in much the same way as in former days. There is a big gap even in western countries in needs, desires and outlook between the direction of a large trading company and a farm labourer. But that gap is ever so much larger in Japan. In the West, it is essentially only a gap in bank balance ; in Japan it is a gap in century. The farm labourer is the feudal tradition in life. He lives in the feudal age. As he is numerous the strength of his example is great. His way of life is still thought of as "Japanese" by the urban worker, and just as the urban worker will work for low wages because he can get cheap food, thanks to the fact that the farmer will work for next to no wages at all under the influence of the feudal tradition, so he will submit docilely to social conditions of a low order because of the farmer's example ever before him.

If ever then the farmer, metaphorically or actually, comes to town it will mean a vast change in the dynamics of Japanese life. Consequently, every effort is made to prevent him from doing so. Patriotism plays its part in the efforts. He is told that the urban amenities he occasionally envies are foreign and hence unworthy of the true Japanese which is he. He is told that he is first cousin to the warrior and that the warrior code is of necessity Spartan. He is fed on constant moral injunction to serve, as a perpetual antidote to temptation from the town. And it must be said that so long as his economic lot is just tolerable he can be kept in the proper frame of mind, and live as a pleasing social example to potentially refractory urbans, a living antidote

to the germs of ideas which stick to the imported machines, a willing warrior if need arise, a morally sanctified slave in the meantime.

It is not without skill that the Japanese ruling classes handle the small change of social satisfaction. Amenity comes in apparently unchecked and the urban is allowed to feed on it to his heart's content and his pocket's capacity. Deprived of it he might turn to the distracting diversion of thought, and such thought inspired by initial resentments might in its turn inspire revolt. So he is free to seek solace in café and dance-hall, where for the most part "dangerous" or, indeed, any thoughts have no place. But while authority leaves him physically and conveniently free to indulge his taste for pleasure it injects always a note of moral censure into the business. That note is sufficient to echo in the provinces and keep the farmers pure, while the urban, indulging, and consequently unthinking, is always a little shame-faced about it.

Can this elaborate jugglery survive? Who shall say? For the moment at any rate we have this truly astonishing spectacle of urbans living in the 20th century side by side with a peasantry in the middle ages and both quite conveniently docile about it in their own way.

CHAPTER VI

PROBLEMS OF MODERN JAPAN

AFTER SEVENTY YEARS of the capitalist régime, Japan faces problems at once economic, social and political. Economically, large-scale industry has reached the point where *laissez-faire* competition has been abandoned in favour of controlled planning under the forms of trusts and combines as a natural outcome of capitalist concentration. Over-production has occurred, to result in limitation of production, as a consequence of the unplanned expansion during the Great War. This has been followed by the "cheapsale" policy and exchange manipulation which has caused the raising of tariffs or other barriers to meet Japanese competition, and a consequent decline in world foreign trade.

Japan's population has increased nearly three times, largely as a result of industrialization, while she has acquired responsibility, direct or indirect, for increasing populations in Korea and Manchuria. This has inevitably led to unemployment, while intensifying the suffering of the rural communities.

The lack of accumulated capital has already shown its effects in the policies of currency and public finance, policies which have greatly menaced the country's future economic stability. Foreign open markets are urgently needed in order to feed the nation. Japan has certain advantages in this regard, in a lower standard of living, than any western country. How, and to what extent, does Japanese leadership utilize this advantage to offset the natural disadvantages, such as lack of raw materials, capital, etc. ?

The Japanese advance in trade in the large industries like cotton, or in small-scale ones like rubber shoes, which

are typical examples, has been the envy of the world, but it must not be forgotten that this advance was very largely due to currency manipulation. The economic distress caused by the slump had been aggravated by the application of deflation policies which brought economic activities almost to a halt in 1931. This led to adoption of the expedient of replacing the gold embargo. Japan immediately gained extraordinary advantages in her export trade, but, on the other hand, lost her financial stability. The policy of devaluation has prepared the way for the concentration of gold in the treasury of the Bank of Japan, but the application of this policy is at present only dependent on the best opportunity for profit to the export trade. The only problem considered is that of whether the depreciated Yen is considered commercially profitable or not. Meanwhile, the national wealth of 1933 (109,996,412,000 Yen) which amounts to 1,710 Yen per person, and the national income of 1930 (10,240,350 Yen) or 153 Yen per person, are indicative of the low basic resources possessed by the nation. The balance of trade and invisible exports is hardly of a scale equal to the international credit. But economic nationalism is still pursued, and this must lead to a decline of foreign exports which will affect in turn the industrial production and the financial capacity for bond issues.

The economic problem represented by Japan's association with Manchoukuo is that of how to create "a single economic unit" of the two countries. Naturally capital must be invested in Manchuria if the Manchurian expedition is to be turned to account. Unless capital is invested in developing the Manchurian natural wealth, the economic blockade against Japan as regards world trade will ruin the standard of economic production and cause a consequent increase of pauperism and unemployment. But the question immediately arises of whether the economists of the corporate state are capable of controlling the movements of capital into Manchuria in such a way as to secure the harmonious working of the proposed *bloc*.

An adequate consideration of this question must be

preceded by an outline of the events and tendencies which led to the establishment of Manchoukuo, and of what that establishment really means. The lack of equilibrium of the economic returns, i.e. the unequal distribution of wealth between the ruled and the ruling classes, produced in Japan social dissatisfaction, less among salaried men and workers, than in the civil and military services. Since the rise of democracy, the continuous attacks upon militarism by disarmament projects, and the cutting of salaries of government officials as a measure of economy, had menaced their social security. A large number of the army and naval officials come from poor country farming or lower middle-class families. Naturally, they are in general men endowed with a certain ability, and that, together with the public reputation for disinterested service of the Empire, at once emboldened them to embark upon studies of fundamental social conditions and ensured them a ready ear from the public if and when their conclusions were made known. No matter whether socialist ends really were recognized or not, an anti-capitalist conclusion was reached by these people. They propounded a semi-mystic doctrine of the "Japanese spirit" in which there was a mixture of chauvinism and national socialism. Particularly were these ideas popular in the lower senior ranks of the combatant services. The colonel or captain ranks began to consolidate into a single revolutionary union in the army and navy departments. The policy they advocated was anti-capitalist, anti-parliamentarian and anti-democratic in principle and, indeed, if the chance should present itself, they were ready for a revolutionary seizure of the state power on the pretext of bringing about a solid establishment of the Japanese *Kokutai*.

The conciliatory policy of Baron Shidehara towards China was internationally popular but, being a weak policy, was taken advantage of by the Chinese authorities so that they continuously threatened the Japanese concession rights, especially in Manchuria, through the Chang Hsueh-liang war-lord rule. The Japanese officers of the group

mentioned, without caring for international interference, precipitated the crisis in Manchuria, and from then onwards succeeded in bringing the whole weight of military power to bear in following their action to its logical conclusion in the creation of the state of Manchoukuo. This militant action caused a sudden change in the ideas of the public and led them to follow the reactionary rise of European fascism, although the name given to the new creed was "Japanism" and superficially it was adorned with much local colour.

Owing to the uncertainty of the economic future, the idea had become fairly general among intellectuals that Japan should acquire new natural resources for her national existence. This seemed to suggest in its turn a move towards Manchurian expansion, except to some socialists and organized workers. Thus, once the initial step was taken, there was no difficulty in obtaining public support for the Manchurian adventure, both of a generally emotional and specifically interested kind. Emotionally, it was seen as a triumphant reaction of the oriental against western supremacy in world affairs, while, materially, it seemed likely to prove a paying proposition.

On the surface, this latter conclusion seems hardly to have been falsified by subsequent events. Manchoukuo has already had a life of three years, whether recognized by other states or not, and has changed its political system from a provisional regency system to a Manchu monarchy based on a structure similar to the Japanese constitutional state. The policy of Manchoukuo is theoretically independent of Japan and proclaims the open-door principle vis-à-vis to all countries, but Japanese bourgeois economists see the possibility, which they have proposed to an economically gullible public, of establishing "Japan-Manchoukuo control economy" which will provide at least a partial solution of Japan's economic difficulties.

Now one thing that is absolutely certain with regard to this possibility of a Japan-Manchoukuo economic *bloc* is that its successful establishment must depend on an

integration of Manchoukuo in the Japanese Empire even more explicit than is the case to-day. The political structure of the Manchoukuo constitutional monarchy is such that it cannot be permanently under Japanese command, if allowed to work freely. If the declaration of the Japanese government is true regarding the Manchurian independence, once the Manchurians are awakened, Japan cannot maintain her position except by force, a force increasingly difficult to apply once the idea of independence has been fostered over a period of years. Thus, the Japanese authorities will be forced to consolidate the sovereignty of Manchoukuo with that of Japan. With this fact in view, it must be evident that, no matter how elaborately the jurists interpret the new constitution of the Manchoukuo state, it is nothing but a protectorate under Japanese power. It can result in no independence of sovereignty.

It must be said that this fairly obvious fact no longer alarms any large section of the Japanese public, even the so-called liberals. As a result of the blockade of Japanese goods all over the world, a demonstration of the failure of the international economic co-operation, the capitalists, who once stood entirely against the military expedition into Manchoukuo, have begun to realize the necessity of the action. On the other hand, the military have in turn recognized that the future development of their plans demands financial aid, and they have abandoned their anti-capitalist strategy in order to welcome capital and favour the financiers, which, incidentally proves militarism to be an essential part of capitalism.

But even with the military and the capitalists working in complete harmony, there is no guarantee that the Japan-Manchoukuo *bloc* can be firmly established, or that, even if it is established, it will make for the good of the two peoples as a whole. The fact is that "planned control," even under government compulsion, in the different branches of industries and trades, will not at all mitigate the social and economic distress and promote the public welfare, but, on the contrary, will result in the growth of centralization of

the big capitalist monopolies, as has actually occurred, for instance in the case of the Japanese Steel Manufacturing Company, an example of the semi-government method of control, and in that of the Showa Coal Company, an example of the independent trust system.

The encouragement of these industrial trade or financial "unions" produces at once confusion with the established small and middle-sized traders and manufacturers, unless there is a "totalization" of the control of these branches of economic activity. Control by government licence and permission, under legal enactment, such as exists in the oil trades and raw silk industries, does not help, but causes instead a stronger monopoly, since the capitalist economic foundation relies upon the private property system, which the laws of the state have legally and administratively guaranteed. The subject of the state economic control, under the modern capitalist system, is a property-holder, or a group of property-holders, and not a state. That this is a distinction of great significance is proved by the difficulties of President Roosevelt in enforcing his N.R.A. policy, in spite of the dictatorial authority constitutionally bestowed on him. What will actually happen is that workers and small property-owners will continue to be victimized by the "control" fallacies, one of the features of which is to conceal the instability they create by a policy of inflation and devaluation.

If this is true of the economic exploitation of Japan's own resources, it applies with even greater force to the exploitation of Manchoukuo. The basic conception of the *bloc* theorists is that Japan's poverty in natural resources can be offset by the undeveloped national wealth of Manchuria. While contending that Japan is practically self-sufficing in food, they recognize that none of her export industries, with the exception of raw silk, can function without the import of raw materials. They maintain, however, that within a few years, Manchuria can be made to supply all those necessary raw materials provided that a planned partnership is organized, Japan supplying the

capital and knowledge, Manchoukuo the natural wealth.

Now, quite apart from whether or not the resources of Manchoukuo are really large enough to meet the needs of Japanese industry, and quite apart from the proven tendency towards capitalist monopoly observable under these planned economy schemes, there are surely some extremely disquieting weaknesses in this thesis from the point of view of the Japanese worker. It is assumed that the planning system will be so organized that Manchoukuo will be the perpetual supplier and Japan the perpetual manufacturer. Can it possibly work out this way under the present capitalist system? Is not cheap Manchurian labour bound to be utilized in industry? Are not industries bound to be set up in Manchoukuo by Japanese capitalists to utilize that labour supply and exploit the proximity to raw material? Even if planned economy can prevent the establishment of competitive industries in Manchoukuo, it surely cannot prevent the use of competitive labour, and if that competitive labour is used, is that not bound to mean a drop in Japanese wage levels already sufficiently low? It is obviously an advantage to the Japanese "entrepreneur" class to insulate their economy from that of the rest of the world and attach it to one of lower labour costs, but that is not exactly a boon to either Japanese or Manchurian labourers, particularly the former who are thus integrated into a labour population of which the average standard must obviously be lower than their own. With no *bloc* their living standards are related, although loosely, to those of the world, of which the average is considerably higher. Are they, then, to be grateful for the change?

It is not being argued that the establishment of the *bloc* system to the advantage of the Japanese and Manchurian people is absolutely impossible. It could perhaps be done, but it could not be done without a complete reorganization of the capitalist system as it exists in both these countries, and even then it would have political consequences, the gravity of which can hardly be exaggerated. It would seem, then, that while Japan intends to stick to the capitalist

system, she would be well advised in the interests of the overwhelming majority of her people, to concentrate her attention on international trade, even in spite of the overwhelming difficulties. In any case, whatever she decides, she has to face the problem of raising the standard of living of 30 million people who are virtually Japanese subjects without lowering the standard of living of her own. It is not a problem easy of solution, and its existence is perhaps a very forceful argument against incorporating new *blocs* of population in a system already suffering from population pressure.

The problem of the population of Japan proper in the future is not so important. As has been pointed out elsewhere, the problem is limited to the method of feeding an increasing population for the next thirty years. But the population problem is not one of Japan alone. We have to consider also the increase of Koreans, Formosans and Manchurians during the thirty years in question. If Japan awards these peoples the same rights as her own natives, the problem of population is, undoubtedly, one of the greatest significance. She has to face the fact that the labour problems of her own people can never be solved because of the cheap colonial labour which the employer can use. The development of Japanese economic activities in Korea has gradually absorbed the basic means of livelihood of the Koreans and has driven them already into the labour market with an immense effect on the Japanese labour problem. Korea has indeed reached a point where the increase of population is too great for her economic potentialities. It is natural, then, to think that there will be a further increase of Korean immigration into Manchuria. Yet is the Manchurian wealth large enough to feed such a large immigrant population in addition to the already large indigenous one, which will naturally increase as the result of Japanese régime?

Closely related to Japan's problem of population is that of her low labour costs. This is regarded in the West as less a problem for her than for the occidental industrial nations with which she competes. But with the exception of a few

industrialists and financiers, there is no advantage to the Japanese in these low labour costs. Japanese goods, even without any particular advantage from the cheap yen, can be sold for less in the open international markets than products of the Western powers. The hours of work constitute one of the factors making possible these cheap sales, but the main one is the general low standard of living. Of course, it is possible to prove that the real wages are fairly high, as is always done by the apologists of the Japanese industry. But this very fact is due again to the low cost of food for example, a reflection of the pitiful standards of living of the farmers and fishers. These standards in their turn are influenced by those of the neighbouring populations of Japan, particularly those of her direct or indirect colonial empire, which incidentally is an additional argument against *bloc* economy as far as well-being of the mass of Japanese people is concerned.

Politically, Japan faces the choice as to whether she is going to turn definitely into a fascist corporate state or to continue as a parliamentary constitutional state. As already pointed out, although she is at the crossroads, the Japanese nation has not yet reached a stage of desperation, since the capitalist system of the country has not yet appeared hopeless to the popular imagination as was the case in Germany. Large sums are being spent on munitions, to the benefit of private factories. The special increases of expenditure in the "crisis" budgets of the last three years has undoubtedly given a stimulus to industry, artificial though it may be. The exchange market of bonds, debentures and shares, is kept alive by the activities of gamblers, and finance jobbers or brokers, manipulating the Government's open market system. The construction works in Manchoukuo have also created a temporary demand for the products of Japanese industry to offset the decline of foreign demands as the result of trade restrictions. Thus, the scope of economic distress is by no means compatible with that of Germany and Central Europe. Miserable as is the life of the Japanese farmers to-day, it is still better than it was a hundred years

ago. Though there is a low standard of living in Japan, so accustomed are the people to a simple life, so well trained are they in the capitalist virtue of obedience, and so satisfied by natural beauty and rural peace, that it still is unlikely that the stricken farmers will take any violent action, unless under the leadership of fascist or prolétarian revolutionaries.

The public expenditure of Japan has every year been met by the issue of government bonds. But the bourgeois economists contend that the capacity for raising funds in this way still remains, so that it is possible to carry on without putting too heavy a burden upon the people. Moreover, it is contended, Japan will never reconstruct her social foundation nor change her politico-economic system before the Western powers first alter their state structures.

There is a good deal in all this. At any rate, it can certainly be said that as long as the world is on the whole capitalistic in organization, Japan, an insular monarchical state, can adopt no other social basis except it be a change from a parliamentary constitutionalism to a fascist corporation. The capitalists have still the power to rule over the military authority, and the military themselves inevitably can go no further than mere reassertion of patriotic virtues and strong government. If, indeed, some change should occur, it would be a fascist revolution and Japan would change into an openly declared fascist corporate state under monarchical-capitalist-military rule without any great upheaval.

The tactics of party politicians have consisted of telling the people of the existence of a "national crisis," but in the present political environment, the "national crisis" cry constitutes an argument for a fascist régime. Moreover, in the policies of the existing parties there is no definite planning of social reform, nor have the party leaders any real political philosophy to inspire them with confidence in their right to assume power. Their whole attitude is one of irresponsible heckling, rather than of responsible criticism. They do not appear to believe in themselves as possible national leaders, and consequently few can be found among

the public to believe in them. Added to this they have a reputation for corruption, as the result of a number of past and present scandals. Thus the prospects of any development of capitalist democracy seem for the moment hopeless. The present unpopularity of parliamentary politics has not been due to any intrinsic shortcomings of the parliamentary system itself, but to the persons who have worked it. Their failures have been largely due to lack of parliamentary training, a natural result under the quasi-capitalist democracy prevailing in Japan until 1931. Nevertheless, the merits of the parliamentary system are judged by the people of Japan only by the corrupt and inefficient way in which it has been worked here. Actually, of course, the public knowledge and criticism of these shortcomings has really been one of the good results of the parliamentary system, in striking contrast with the manner in which scandals of all kinds were rampant under the old oligarchy, only to be concealed by the authoritative government. When recalling this, one is inclined to wonder whether similar practices are not going on under the semi-dictatorial régime of to-day.

But such speculation does not trouble the average elector. In the present atmosphere of acute national sensibility, the traditional worship of the Japanese Emperor and the irrational philosophical speculation about the "Japanese spirit" can easily be relied upon to coax him into aiding a reactionary government without any criticism, unless the parties and socialists, with the help of the intellectuals and organized workers, can build up a strong front.

The socialist ideas for the reconstruction of the Japanese social foundation appear to have but the faintest chance of realization, unless the public should witness the failure of the Western examples of fascism, or could come to recognize the actual evils of the present community. As long as socialism in Japan has not the clearest possible plans and a vigorous faith among its adherents in its fundamental principles, there is less probability of its securing power than communism.

This speculation as to the future political course of Japan

would not be complete without re-emphasizing that she will be much influenced by what happens in the world at large. The Japanese have an infinite capacity for imitation, selection and assimilation of a creative kind, but little originality. Thus no great political change can be expected here unless the main current of the world first changes: while the world remains nationalistic, in varying but unequivocal tones, Japan will remain nationalistic. Insular politics and economics have everywhere intensified, and the blockade of the international free markets is a great menace to Japan. This may drive her to attempt imperialist dominance over her weak neighbours in order to maintain the present status of capitalist supremacy. The view is common here, perhaps as common as in the Occident, that Japan in the future must try to stretch her political line over the northern part of China, or risk an indecisive naval battle with the United States in the Southern Pacific. If this should happen, as H. G. Wells' imaginative account of the self-destruction of the present régime has already foretold,¹ the calamities of Japan would be hastened, as they would be also if she should attempt to fight with the U.S.S.R. through purely military ambition to absorb certain areas of Siberia, by which she would face, not only failure, but also, as Trotsky has prophesied, "suicide." In opposition to such views, the nationalists of Japan protest at once that Japan is so firmly established economically, politically, and from the military point of view, that the prophecies of Wells or Trotsky are totally fallacious. Be that as it may, the consequences of the Great War should surely supply an answer to the nationalists' fallacy of belief in the maxim of an authority which is in priority to reason.

In conclusion, it is perhaps possible to say that all the problems of modern Japan can be reduced to one: how to co-operate with a world increasingly unwilling for co-operation, to make the most of her resources, material and human, for her own people as a whole and for the rest of the world.

¹ *The Shape of Things to Come.*

PART II

MODERN CHINA

CHAPTER VII

HISTORICAL SURVEY FROM THE FALL OF THE MANCHUS TO THE PRESENT DAY

IN 1894, when Chinese troops were sent into Korea without notice having been given Japan, the Sino-Japanese War broke out, to result in the Treaty of Shimonoseki in the following year, by which Korea was made independent and Japan obtained Formosa and the Pescadores and the Liaotung Peninsula. She was forced, however, by the combined intervention of Russia, France and Germany to relinquish this last territorial gain and accept an indemnity. Russia then pressed China for the lease of Port Arthur in 1898 and Germany took a reward for her intervention on behalf of China by seizing the Bay of Chiao-chow in 1897.

By this time, however, western learning had penetrated to the court through the influence of the Cantonese, K'ang Yu-Wei, whose studies of other nations caused him to advise the Chinese against a return to conservative dynastic rule. The Empress Dowager, T'zu Hsi, put a stop to this enthusiasm for modernity by banishing K'ang Yu-Wei and decapitating his associates in 1898. Almost immediately, however, the Empress invited the co-operation of the anti-dynastic societies and "adroitly led them to enlist themselves in an anti-foreign campaign." Thus arose the Boxer Rebellion, the siege of the legations and the subsequent combined military action of the Western powers. It was in order to secure the payment of the indemnity imposed on China after this conflict, an indemnity which was "collected by the maritime customs and deposited in foreign banks,"

that the maritime customs became independent of the Chinese administration.¹

The move at this time of the Russians into Manchuria, as well as the growing influence of the British in Tibet, was beyond the Empress Dowager's power to control, and when the protests of Japan, Great Britain and the United States against the Russian occupation proved ineffective, Japan declared war in 1904, as the result of which she succeeded Russia in the Liaotung Peninsula and Manchuria. Korea also came under the direct rule of Japan, although not formally annexed until 1911. As a result of these events a movement for reform and a revived sentiment of nationality arose in China. In 1908 edicts were issued promising a national assembly and projects for educational reform were steadily advancing. In the Canton district the rising radical party, influenced by Western books on politics and public administration, aimed at the abolition of the dynasty by revolution and the establishment of a socialistic state. The mandarinat had declined and the coming of the foreigners had hastened its demoralization, as Western learning robbed the *literati* of their prestige. The Boxer treaty stipulations regarding the prohibition of examinations proved a further blow towards disintegration. By them the only class of Chinese who can be said to have had common traditions and class responsibility was abolished, and "the Empire, inherited and guarded by no ruling class, became the prey of adventurers."²

Although the Empress Dowager sent a delegation to study the constitutions of Japan, America and Europe, and other missions to study judicial methods, police administration, currency reform, army and navy organization, etc., conditions in China were in such a backward state that the secret societies and revolutionists were brought to the point of rebellion against the throne. England, Germany, France and the United States had by 1911 advanced loans to

¹ H. H. Gowen, J. W. Hall : *Outline History of China* (D. Appleton & Co., New York and London, 1929), pp. 303, 307.

² *Ibid.*, p. 323.

China for construction projects, such as the railway nationalization scheme. This aroused opposition from the provinces, which were forced to pledge *likin*, salt and rice taxes, and from the merchants, who did not want the Government to take revenue out of their districts by the railways. Differences of opinion between the Government and the merchants, who wished to establish their own communications system, caused the student strike in 1911 in the province of Szechwan. With the leaders of this movement imprisoned, the revolutionists demanded their return and were fired upon, thus bringing on the Chinese Revolution, which was followed by the foundation of the Republic of China.

There had been practically no preparation for the establishment of such a Republic, so that personal and ideological conflicts dogged its steps from the outset. At first the socialist aristocracy of the occidentally educated republicans set up an ideal representative democratic system on a territorial basis. This system ignored the long established and dependable constituencies of the craft, trade and professional guilds, with the result that it failed completely. The Nanking Kuomintang plan was to make use of Yuan Shih-kai, a former minister of the Imperial régime who had thrown in his lot with the republicans and who enjoyed a high reputation, among foreigners, and thus was able to procure the aid of foreign capital, while he exercised an effective control over the northern provinces. In the establishment of the Kuomintang it was thought that the chiefs of the party would control the government through a party cabinet and premier, with Yuan as a useful figurehead in the presidential office. Since Britain, Germany, France and the U.S.A. had an understanding with Yuan before his inauguration that they were to monopolize any reconstruction loan put forth, Japan and Russia had to make up for their being left out of financial enterprises by political activity on the border.

T'ang Shao-Yi, a Prime Minister appointed by Yuan, negotiated loans that Yuan is said not to have agreed to,

and with T'ang's enforced resignation from the cabinet, Yuan and the Kuomintang began to show hostility towards each other. Yuan gradually supplanted revolutionary heroes in charge of the provinces by his own followers bound to him by the protégé-patron relationship. Yuan is said to have had at this time a perfect information system and to have used the methods of bribery and assassination with effective results. Later, Japan and Russia obtained the right to participate in foreign loans and the bankers of the Powers were willing to lend much under the protection of their governments in return for a reorganization of the salt revenue services under foreign supervision along the lines of the maritime customs.

In 1913, the Kuomintang organizer who was slated to be premier was assassinated, the act being a challenge from Yuan who had stated his desire that the constitution be drafted by a committee of his appointment instead of a committee elected by the provisional assembly. At the same time, the Kuomintang was faced with the Mongol repudiation of submission to Peking; Germany was urging an extension of the Shantung railway; Japan had acquired concessions for short feeding lines to her Manchurian railways, and a Belgian company under Russian influence and financed with French money was authorized to build two lines cutting across China from Yunnan to Kansu, and from Kansu across Honan and Shensi to Haichou, in northern Kiangsu. The American Standard Oil Company received authority to investigate the oil fields of northern Shensi. The Bethlehem Steel Company entered into negotiations for the building of a convertible merchant marine, and discussed a port for naval headquarters in Fukien. A great philanthropic-commercial conservancy scheme for the Huai River in Anhui, coming from American Red Cross assistance rendered after the Huai floods, was taken up by the American Siems-Cary Company. All these facts explain, perhaps, the foreign admiration of the capacity of Yuan Shih-kai. The American policy changed, however, with President Wilson's administration which repudiated

the "dollar diplomacy" of President Taft, and America withdrew from the Five-Power Reconstruction Loan which was then being planned.

Although America recognized the new republic at the organization of a parliament, the European Powers and Japan stipulated that recognition should depend upon Yuan being President, thus displaying the outside belief in the necessity of a dictator in China. The reconstruction loan was negotiated without parliamentary participation and was declared illegal, but the foreign banks ignored this protest and placed the money at Yuan's disposal. Yuan was seriously embarrassed by the protests of parliament, and there was at one time a threat of a revolt, but the merchant guilds, appreciative of stability, opposed further fighting, simply urging secession from the central authority. The people seemed to care little about the Government, so long as local affairs were left, after the ancient custom, in the hands of the village and guild democracies. After the 1913 rebellion Sun Yat-sen had become a refugee in Japan, and the members of parliament who remained in China were docile, so that Yuan was elected President without much opposition. Diplomatic recognition was given at once to the government at Peking, and has since been accorded this same executive government regardless of what vicissitudes have occurred. By a constitutional convention, drawn up after the dissolution of parliament, Yuan was made president for life with the privilege of choosing his successor quite like the model emperors of old.

China was then, like Japan in the early days of Meiji, under a form of constitutional government with which the actual military dictatorship was clothed. But by the end of 1914 the country was unified and held in control by the military. By Yuan's efforts the traffic in opium was checked as was its planting, and it was decided with the Powers to bring the traffic to an end in 1917. Since that time—though China's resolutions have remained firm—where local chieftains defy the central authority, poppy-growing has been utilized as a means of revenue.

During the Great War, China had to deal with Yuan's growing monarchical ambitions and Japan's attempt to extend her influence. Yuan's personal ambitions and China's weakness had tempted Japan into presenting the Twenty-One Demands, to which Yuan agreed. This Japanese triumph discredited Yuan in China, but being confident of Japanese support, he had himself crowned as Emperor, despite internal opposition to the move and Japanese advice to him not to make it. This caused his downfall and the revolutionists took the power out of his hands completely, but after his death China was left in chaos. Meanwhile, in Europe the Allies were desperately holding back the German advance and America was getting more and more interested in European affairs. Negotiations had been going on with the Powers regarding neutrality in the Far East when Japan commenced operations against the German leased territory in Shantung, assisted by a small British force.

The Japanese régime in Shantung, the Twenty-One Demands, and the Lansing-Ishii Agreement caused in turn uprisings in which the students turned to the merchant and commercial guilds as the most effective bodies in China, and for the first time brought these forward as self-conscious political force in the boycott against Japan in 1919, which demonstrated that these groups formed a basis upon which a true republic might actually have been erected. The Japanese economic imperialism had been revealed by these events and by the negotiation of the notorious Nishihara loans in Peking during the Great War. At the Peace Conference in Paris the Chinese learned something of the contemporary spirit of democracy, and with the gradual introduction of international treaty checks as between the imperialist Powers, Chinese integrity and independence began to rest on a firmer basis.

In 1920, Sun Yat-sen, the ideological hero of the Chinese revolution, who had been pushed out of power by the Yuan oligarchy, established his new government at Canton and openly opposed Peking. It was a reorganization of the

Kuomintang, but the Joint Manifesto of Sun Yat-sen and Joffe at Shanghai in January, 1923, brought about an alliance with the Communists, although the Communist policy was openly repudiated in the Kuomintang programme.

The first National Congress of the reorganized Kuomintang assembled at Canton in January, 1924, and in May of that year the party established a revolutionary army to fight against the traditional powers for the unity of the country. In the creation of the new revolutionary government the Communist adviser, Borodin, played an important part. The death of Sun Yat-sen on March 12, 1925, gave an incentive to the Kuomintang to move against Peking. His Last Will was announced in June. It contained a general plan of the Kuomintang Party with the fundamentals of the national reconstruction plan, and was immediately dignified into a sort of patriotic bible, a position which it has retained ever since, while the late leader himself was almost canonized by enthusiastic members of the Kuomintang.

In these circumstances, Chiang Kai-shek, who had been closely associated with the late hero, was assured of enthusiastic support in any active step he might care to take. He therefore embarked upon his expedition towards the north in 1926 after issuing a manifesto re-affirming the Russo-Communist alliance. The success of the battles in Hankow, Shanghai and the Yangtse valley in 1926 and 1927, and the capture of Peking and Tientsin in January, 1928, led to the establishment of the National Government of Nanking in June, 1928.

After the Fifth Plenary Session of the Central Executive Committee of the Kuomintang in August, 1928, the Nanking National Government promulgated the "Organic Law of the National Government of the Republic of China" and introduced the "Five Yuan" constitution and the "Programme of National Reconstruction." On June 18, 1929, the Manifesto of the Second Plenary Session of the Executive Committee pronounced the opening of the "period of political tutelage," i.e. an educational period of six years to

terminate by 1935, under which the country should be under a sort of benevolent and temporary dictatorship. China thus again came under a dictatorship of national party erected on the old feudalistic social foundation. The *entente* with the Communists was soon repudiated by Nanking as the military dictatorship of Chiang Kai-shek established itself after his victory over the northern war lords. Since then in various capacities the dictator has retained his dominant power, conducting several varyingly successful expeditions against the Communists and suppressing minor rebellions by disgruntled former associate

CHAPTER VIII

POLITICAL INSTITUTIONS

The Constitution. The principles of *San Min Chu I*, ("The Three Principles of the People,") adumbrated by Sun Yat-sen, form the theoretical basis of the Chinese Constitution. They are generally translated as "nationalism," "democracy" and livelihood."¹ The primary need of China according to the Sun doctrine is to achieve nationality so as to stand equal to other nations internationally. Emancipation from imperialism must be the first condition of Chinese independence, by which alone legally and politically the integrity of the sovereignty of the Republic of China can be secured. Secondly, democracy must be attained; Sun Yat-sen's principle of democracy being based on a conception of social equality which allows of the emergence of an intellectual hierarchy.

The third principle is simply that China must guarantee the livelihood of her citizens. Sun Yat-sen's exposition of the methods of fulfilling such a guarantee show that he preferred the principles of socialism to those of Marxism. From the beginning to the end of his life, he insisted upon a socialist reconstruction of society. Philosophically, he rejected the economic interpretation of history; and he criticised severely the idea that the community is built upon the dynamic force of productive power. He was also opposed to the class war as incompatible with his

¹ Sun Yat-sen : *San Min Chu I ; The Three Principles of the People*, trans. by Frank W. Price, edited by L. T. Chen, Shanghai, 1929. Sun Yat-sen's Will (March 11, 1925, signed Sun Wen) in *Survey of International Affairs*, 1925, issued by the Royal Institute of International Affairs, London, Vol. II, pp. 316, 317.

- DEPARTMENT OF CIVIL AFFAIRS
- DEPARTMENT OF MILITARY AFFAIRS
- ACADEMIA SINICA
- COMPTROLLER-GENERAL'S OFFICE
- NATIONAL RECONSTRUCTION COMMISSION

NATIONAL GOVERNMENT
STATE COUNCIL
(PRESIDENT AND
35 STATE
COUNCILLORS)

- | | |
|----------------------------------|--|
| —EXECUTIVE YUAN— | —A. ARMY |
| PRESIDENT I | ADMINISTRATION |
| VICE PRESIDENT I | —B. AVIATION |
| | ADMINISTRATION |
| — 1 MINISTRY OF INTERIOR | —C. ARSENAL |
| — 2 MINISTRY OF FOREIGN AFFAIRS | ADMINISTRATION |
| — 3 MINISTRY OF MILITARY AFFAIRS | —D. COMMISSARIAT |
| — 4 MINISTRY OF MARINE | ADMINISTRATION |
| — 5 MINISTRY OF FINANCE | |
| — 6 MINISTRY OF INDUSTRY | —A. CUSTOMS |
| — 7 MINISTRY OF EDUCATION | ADMINISTRATION |
| — 8 MINISTRY OF COMMUNICATIONS | —B. SALT |
| — 9 MINISTRY OF RAILWAYS | ADMINISTRATION |
| | —C. CHIEF INSPECTORATE OF SALT REVENUE |
| | —D. INTERNAL REVENUE ADMINISTRATION |

- 10 MINISTRY OF JUSTICE
- 11 COMMISSION ON MONGOLIAN AND TIBETAN AFFAIRS
- 12 COMMISSION ON OVERSEAS CHINESE AFFAIRS
- 13 NATIONAL OPIUM SUPPRESSION COMMISSION
- 14 NATIONAL FAMINE RELIEF COMMISSION

—LEGISLATIVE YÜAN

—JUDICIAL YUAN

- | |
|--|
| A. SUPREME COURT |
| —B. COMMISSION FOR THE DISCIPLINARY PUNISHMENT OF PUBLIC FUNCTIONARIES |

—EXAMINATION YUAN

- | |
|---------------------------|
| A. EXAMINATION COMMISSION |
| B. MINISTRY OF PERSONNEL |

—CONTROL YUAN

- | |
|----------------------|
| A. MINISTRY OF AUDIT |
|----------------------|

—NATIONAL MILITARY COUNCIL

—GENERAL STAFF

—DIRECTORATE-GENERAL OF MILITARY TRAINING

—MILITARY ADVISORY COUNCIL

conception of democracy. In opposition to the Marxian doctrine of the community, he advanced a theory not unlike that of Mencius, who maintained that the first principle of government was the supply of food.

But Sun Yat-sen did more to define the terms of the Chinese Constitution than the establishment of vague principles. He also outlined the system of what is known as the Five-Power Constitution, as well as a practical programme for the gradual application of his basic principles to the state organization. He advocated that the national reconstruction should be divided into three periods, the period of revolution, that of tutelage, and the constitutional period. He was, of course, in no way partial to a dictatorship; but, as a practical statesman, he recognized how necessary the education of the people is to enable them to attain a constitutional democracy. He therefore planned that there should be the early period of tutelage, during which, under a more or less dictatorial régime, the people of China should be educated in the principles and practices of democratic government. The test of democracy which Sun Yat-sen advised was whether or not self-government functioned successfully in the provinces, and the period fixed for the test by the Second Plenary Session of the Kuomintang Central Executive on June 18, 1929, was six years (1929-35).

The Constitution to be operative during the period of tutelage provides for five *yuan* under a Council of State, the Council to supply the supervisory element. The Government organization is shown in the scheme on pp. 230-31.

An examination of the details of this Constitution is not of the utmost importance since it was modified in 1934 in preparation for the end of the period of tutelage. It is proposed simply to indicate the main outline together with some observations on the ideas involved.

The conception of sovereignty in China prior to the Republic was that of authoritarian absolutism evolved from the Eastern ideology of the "dynastic kingship."

In the new constitution, it was vested in the "people as a

whole.”¹ The constitutional rights guaranteed to people were as wide and extensive as those of any republic, it being specifically stated, not only that all citizens shall be “equal before the law irrespective of sex, race, religion or caste,” but also that the citizens shall enjoy the “rights of election, initiative, recall and referendum.”²

Though Sun Yat-sen adhered to socialism, he did not reject all forms of private property. He admitted private property under the principle that the “exercise of the right of ownership by any private person, in so far as it does not conflict with the public interest, shall be protected by law.”³ The Constitution pledges briefly to guarantee the principle of livelihood by improvement of the conditions of the agricultural community, development of industrial and commercial enterprises, and provision of state legislation for protection of employees. Moreover, in the fundamental principles of politics to which Sun Yat-sen adhered, it is of primary importance that the nature of public education should be defined by the Constitution. The Constitution declares that “The Three Principles of the People must be the basis of the Republic of China,” and “without discrimination of sex all public and private education of the country must be subject to the supervision of the state.”⁴

During the period of tutelage, the National Government itself need not be distinct from the Executive of the Kuomintang Party, which should be the only party. Thus the nature of the party requires to be studied. The Kuomintang welcomes, and considers eligible, all those who are “willing to subscribe to the principles of the party, to strive to carry out its decisions, to obey its rules and regulations, and to perform the duties (of membership).”⁵ The Constitution of the Kuomintang Party solemnly proclaims that Sun

¹ *Provisional Constitution of the Period of Political Tutelage*, Article 2.

² *Ibid.*, Articles 6-8.

³ *Ibid.*, adopted May, 1932, at the Fourth General Session of the National Peoples' Convention, Articles 16-19.

⁴ *Ibid.*, Articles 47-49.

⁵ *Constitution of the National People's Party (Kuomintang) of the Republic of China*, Chapter I, “Membership,” Article 1.

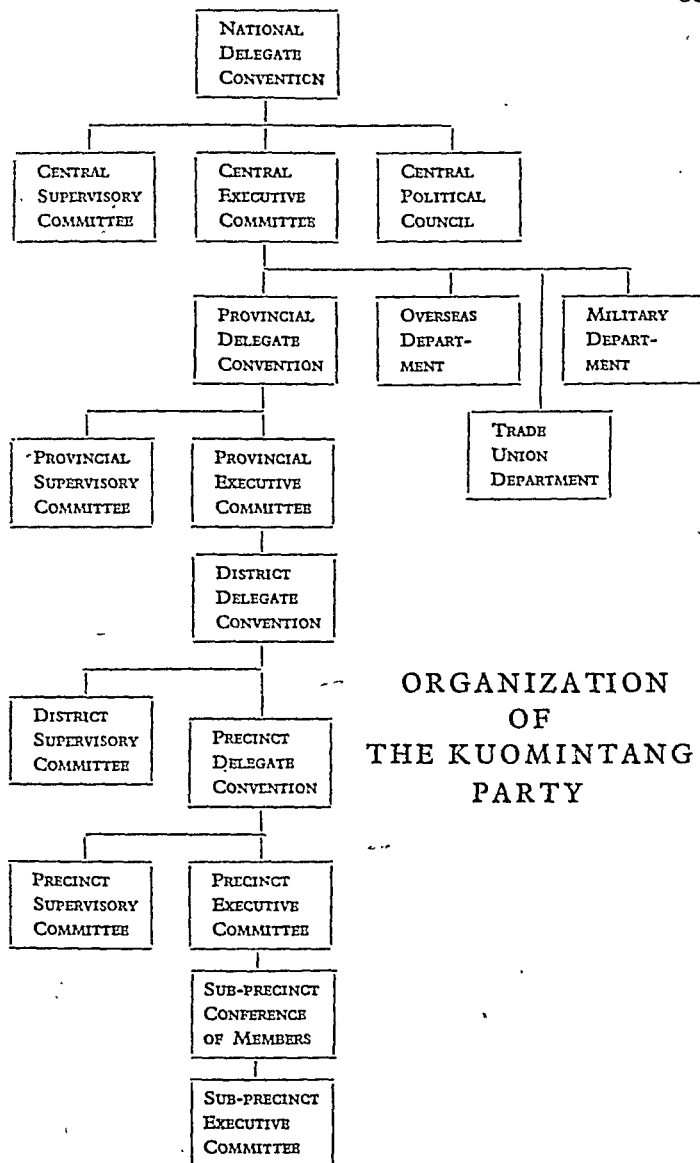
Yat-sen, "originator of the Three Principles of the People and the Five-Power Constitution shall be President of the Party,"¹ as a "token of everlasting remembrance." For the purpose of political administration the authority of the Kuomintang is vested in the Central Political Council, which propounds the policies to be executed by the National Government. Moreover, as in the U.S.S.R., the members of the executive are chosen by and from the Central Executive Committee and the Central Supervisory Committee of the party.

Before passing to a consideration of the revised constitution which is to become operative after the period of tutelage, it would be well to review how far it has been possible to apply the principles of the one already outlined.

Now it is a well-known fact that throughout the six-year period political conditions have been chaotic. This has been attributed in China to the fact that imperialist powers have not relaxed their hold; in other words, that the Chinese have not been able to apply the first of the Three Principles, nationalism. Yet it would appear that the basic cause of the failure is internal, the inability of the Chinese to unify the administration. For, if the Chinese Government can manage to stabilize itself, the foreign encroachment on China's sovereignty can go no further and can even be brought to an end without violence. Now what was the fundamental nature of the stability which Sun Yat-sen planned? His main attention, in planning out the governing organization under the Five-Power Constitution, was given to setting up a synthesis between centralization and decentralization. He envisaged a federal republic in which the centrifugal and centripetal forces would be automatically harmonized.

This aim his followers have never come near attaining. The authority of the National Government of Nanking is practically confined within the provinces of Kiangsu, Chekiang, Anhwei, Honan, Hupeh and Hunan. The

¹ *Constitution of the National People's Party (Kuomintang) of the Republic of China*, Chapter IV, Article 21.



ORGANIZATION OF THE KUOMINTANG PARTY

southern part of China has proved itself practically independent under the South-Western Political Sub-Committee, or the South-Western Military Sub-Committee, which administers the provinces of Kwantang, Kwangsi, Yunnan, Kweichow, and neighbouring provinces, latterly even expanding its power towards Fukien. An *entente* between the groups following the Fukien rebel, Chen Ming-Ch'u, was made on the basis of political antagonism to Chiang Kai-shek. But the joint action of the Soviet groups of the Chinese Communist Party with the Fukien rebels as quasi-socialists prevented the Cantonese from supporting the Fukien revolt, owing to the unpopularity of communism or pressure by financiers.

The northern part of China has until recently been under the control of various war lords, notably Shantung under Han Fu-Chu, Shansi under Yen Hsi-Shan, Peiping and surrounding territory under the control of the Christian General, Feng Yu-Hsiang, with the North-Eastern Political Committee headed by Huang-Fu, one of the Executives of the Nanking Government.

The central part of China is under the authority of the Communist Party. The sovietized areas starting in Kiangsi and in the Canton district of Kwangtung spread to the neighbouring provinces of Fukien, Hupeh and Kwangsi; then, expanding westward to Kweichow and Szchwan, and to Chekiang and Kiangsu in the north-east, as well as to Anwei and Honan in the north, developed within Sinkiang and the Kansu province. The anti-communist campaigns of the National Government (more than five of which have been waged since 1931) have been most unsuccessful owing to the fact that the Chinese revolution was rooted in the necessity of an agrarian reconstruction in which the peasants could find "a way to live in modern life," i.e. could be emancipated from the exploitation of war lords, landlords, money-lenders, and tax-collectors.

These results throughout the six-year period of tutelage are certainly not encouraging either to the detached observer or to the leaders of the Kuomintang. The latter

obviously could not consider that the results would justify the immediate adoption of a full constitution as envisaged by Sun Yat-sen, even if they personally were not opposed to such a change. However, they were pledged to some sort of change and so at the Lusha conference of 1934 it was decided to draw up a transition constitution.

The new constitution is called the Constitution of the "San Min Chu I Republic," based upon the three principles of Sun Yat-sen. The sovereignty of the Republic of China "emanates from the people as a whole," and its supreme authority invested in the triennial "national congress" elected by the "universal, equal, direct and secret suffrage" of all citizens "over twenty years of age" and the "People's Committee" composed of twenty-one members and ten candidate members elected by the Congress. The Congress is responsible for the choosing of the president and vice-president of the Republic, and the Five Yuans. The president is to hold office for seven years and, although responsible to the National Congress, is vested with somewhat dictatorial powers.

The division of power between the central and local government is partially assured by indicating in the Constitution itself how the legislative power shall be distributed. The new National Government is to consist of Five Yuans, with president and officials, as on the previous model: Executive, Legislative, Judicial, Examination and Control. In the local government, the province, the district and the municipality are to have self-governing administrative powers which are "not enumerated" in the Constitution, and a restricted judicial authority. The principles of the "people's rights and duties" and of the "people's economic life" as well as the "people's education" are democratically deduced from *San Min Chu I*.

The aim of the Constitution was declared to be the establishment of a democratic, unitary, but decentralized Republic on the social basis of the new capitalist China, but in reality was to set up a dictatorial executive supremacy under cover of constitutional forms. Regrettable as this may

be to the doctrinaire liberal or the religious worshipper of Sun Yat-sen, it is nevertheless a natural outcome of Chinese conditions.

Although China has been for more than thirty years under a republican régime, yet is it feudalistic in practical politics. Thus there is no prospect that the Chinese Republic could carry through its aims under an exact constitutional application of the three principles. It appears unlikely enough that the sovereignty of the Nanking Government can ever be spread over the entire territory of China, whatever expedients are resorted to in order to strengthen the Executive. But these expedients, from the practical point of view, are the only ones which give even a hope of success.

Local Government. Under the imperial régime China was already divided into twenty-eight provinces, excluding Mongolia and Tibet. In the newly created provinces under the Republic have been included some former "special areas" such as Jehol, Suiyuan, Chahar, Chingsi, Ninghsia and Hsi Kang. Besides the Provincial Government, there are the Municipal Government and the District (Hsien) Government. In the Provincial Government the executive organs are the following departments :

- (1) Department of Civil Affairs.
- (2) Department of Finance.
- (3) Department of Education.
- (4) Department of Reconstruction.

If necessary, under the Provincial Government may be established departments of agriculture, of mining, and of industry. Each department is managed by a Director or Commissioner "appointed at the instance of the Central Government Ministers concerned."

The units of Municipal Government are of two kinds :

- (1) "Those under the district jurisdiction of the Executive Yuan."
- (2) "Those under the jurisdiction of the Provincial Government."

The first type of municipality includes: (1) the capital of the Republic, (2) towns in which there are more than one million inhabitants, and (3) towns so designated by the Government in view of special circumstances. Each municipality is headed by a Mayor appointed by the National Government. Under the Mayor there are the following executive bureaus:

- (1) Bureau of Social Affairs.
- (2) Bureau of Public Safety.
- (3) Bureau of Finance.
- (4) Bureau of Public Works.

When necessary may be added a bureau of land, health, or education.

The second type of municipality includes cities and towns with a population of 300,000 or those having a population of 200,000 but "whose aggregate municipal revenue from various licence fees and land taxes exceeds one half of the total income of a particular locality." The administrative organ of such municipalities is the Municipal Council consisting of a mayor, councillors, directors and section chiefs of the various bureaus, and three to five representatives elected by the Municipal Assembly. The Municipal Assembly is composed of members elected by the people for three years. This assembly has a chairman and vice-chairman who maintain their posts for one year.

The District Government within the provinces is carried out by a division into 1,943 "Hsiens" (districts) which are the basic "self-governing units." The administrative organs of the District Government are a District Council and the following bureaus:

- (1) Bureau of Public Safety.
- (2) Bureau of Finance.
- (3) Bureau of Reconstruction.
- (4) Bureau of Education.

The District Government is supervised by the District Assembly composed of "members elected by the citizens

of the Hsien for a term of three years." This assembly has the authority to discuss and to pass expense budgets, financial statements, and ordinances, as well as to make suggestions for the improvement of general conditions in the district. Districts are classified into three orders according to their size, population, and financial ability. Each district consists of a number of counties and each county is composed of from twenty to fifty rural villages and towns. The Chairmen of these rural areas are elected by the people and are responsible for the administration in their respective localities.

The Constitution determines the relation between the central and local government, according to the distribution of powers on the principle of equilibrium, in Article 17 of "The Fundamentals of the National Reconstruction." The various local governments have within their respective spheres authoritative rights to enact ordinances, local laws and regulations. Nevertheless, if any such local laws and regulations are in conflict with those promulgated by the central government they are "null and void." The demarcation of the central and local revenues is determined by law according to circumstances. The central government has a right to restrict, by law, any local tax when

- (1) It is contrary to the public interest.
- (2) It encroaches upon the source of national revenue.
- (3) It constitutes overlapping taxation.
- (4) It is detrimental to communications.
- (5) It is unjustifiably imposed upon goods imported from other localities for the sole profits of the locality concerned.
- (6) It is in the nature of a transient duty on commodities in circulation among various localities.

Politics and Administration. Turning from the elaborate theory of the constitution to the fact of practical administration, we find that China is actually governed by war lords and sovicts as well as by those who control the

Nanking Government. None of the administrative units stipulated in the Constitution actually function, except in the few provinces close to Nanking, and even there the national supervision is only partially able to ensure that the administration is carried on according to the Constitution.

Moreover, even in the provinces which are more or less controlled by the Nanking Government we have to reckon with the type of politician which has been the bane of Chinese administration since the Manchu mandarinat began to decline. He is difficult to describe for he falls into no exact category known to the class division and the political classifications of the West. He is well-educated—often Western-educated—politically astute and possessed of considerable business ability. He is, however, entirely lacking in principle. Nationalism is for him a convenient counter in a purely personal game, socialism an ideological abstraction and distraction, equally susceptible, from time to time, of exploitation for personal ends. Such men, it should be noted, were ever the instruments of foreign imperialism in China. They acted, so to say, as compradores on the large scale. Their ability gave them access to government circles and even to office, and this they turned to account for their foreign pay-masters, and hence for themselves. They still so act although, of course, the scope of their activity is restricted. Meanwhile, their individualist and acquisitive mentality remains to exploit for their own profit the power which they possess under the so-called democratic republic. By the sale of concessions, the issuing of loans in foreign or domestic markets, the manipulation of taxes and currencies and countless other activities, there is money to be made, and it is made by these personages and naturally at the expense of the bulk of the Chinese people.

Now this type of man is common all over China except in the communist area. In the areas controlled by war lords he is especially active, as there he is in working alliance with the military adventurer who has often little but fighting capacity to enable him to maintain his ascendancy. But he is active too even in the Nanking-controlled provinces ; all

too often he is found actually in or behind the Nanking administration. So that even in the provinces where the National Government rules, it can hardly be said to rule according to the principles of its constitution. Outside those provinces there is no relationship of superiority and subordination as between the Central Government and the provisional authorities, as provided for in the Constitution. Instead, the relationship between the Nanking Government and the local self-governments under the Generals or war lords is one of equality.

The war-lord institution is a unique feature of Chinese militarism which emerged from the chaos of the Revolution of 1911. The war lords with their private armies have placed military power above everything in every department of legislation, justice and administration within their areas of dominance, and arbitrarily and absolutely defy the legitimate authorities. The war lord exercises absolute dictatorship over the people within his own sphere of influence, levying taxes and even encouraging the sale and cultivation of opium for his private fund out of which he supports his private troops. He also auctions off concession rights to foreign imperialists, plunders the poor peasants and traders, and issues inconvertible paper currency. The war lord's motives are generally entirely selfish and unrelated to any political principle. Hence he is sometimes a nationalist, sometimes a revolutionary, sometimes pro-British, pro-American, or pro-Japanese.

Obviously, the war lord must maintain the highest number of soldiers possible, and so finds difficulty in paying them adequately or regularly. As a compensation they are openly permitted to plunder the countryside. There is thus no demarcation between soldiers and bandits. Whether the "bandit" is legal or illegal depends entirely on the degree of power possessed by his war lord at any given time.¹

As a result of the destitution of the peasants under the

¹ G. Suzuki: *The Class Contrast in the Chinese Revolution* (Japanese) (Tokyo, 1929), pp. 20-48.

exploitation of the landlords, moneylenders and tax-collectors of the National and war-lord governments, and the natural pauperism due to flood, famine, and epidemics, the agrarian revolution of Mao Tse-Tung under the Red Banner was a natural development and one which, in spite of the campaigns of Chiang Kai-shek, has been remarkably successful. Its leaders have succeeded in sovietizing important areas in central China by ideologically modifying and pragmatically justifying the principle of Leninism so as to adjust the communist movement to the Chinese rural desires.

The movement is controlled by representatives of the Chinese Communist Party, which has sent around trained members who have already been educated in the communist technique of administration by sojourn in the U.S.S.R. Under this National Soviet Government there are regional committees under the control of a Central Committee of the Chinese Communist Party which in turn directs local provincial committees. These, again, direct district committees, and so on downward to the communist "cells" organized in the factories, schools, military barracks, etc. When the communist influence expands over a certain district which has been occupied by the Red Army, efforts are at once concentrated upon sovietizing these districts to make the occupation of a permanent nature. The aim is to give more satisfaction to the people of the districts than is received from the governing bodies of the National Government or the war lords.

The complete organization of the Chinese Communist rule consists of the following Commissariats :

- (1) For internal affairs.
- (2) For struggle against counter-revolutionaries
(G.P.U.)
- (3) For financial affairs.
- (4) For rural economy.
- (5) For education.
- (6) For hygiene.

- (7) For post and telegraph.
- (8) For communications.
- (9) For military affairs.
- (10) For control of workmen and peasants.

This elaborate organization exists *de facto* only in the completely sovietized districts, and is modified according to the conditions within the occupied area.

In the programmes which the Chinese Communist Party puts forward is the policy of cancellation of debts and the distribution, amongst the landless proletariat and small farmers, of the land forcibly seized from large landowners or religious institutions.

To a certain extent this policy has been applied. Confiscated land belonging to landlords, gentry, and so forth, or monasteries and the like, has actually been distributed amongst the landless peasants, while a promise has been made of further re-distribution of lands of the well-to-do peasants on an "equal basis." Moreover, in the Soviet territories, all taxes on the peasants are abolished except 20 per cent of their crops. As is pointed out by the propagandists, previous to the Soviet régime "50 per cent and more went to the landlord alone and there were other taxes besides."

The nationalization of the land has not yet been accomplished in most of the sovietized areas for various reasons, but especially because, "though the leaders consider it the only proper way for the future," they look on the present method "as a system best-adapted to contemporary conditions" where "land remains scarce" and it has been impossible to organize collective farms and state cultivation, owing to the growth of industrialism in the Chinese villages. The soviet plan for nationalization of industrial, transport, trade and banking enterprises is at present inoperative, except when theoretically applied to foreign firms, because the small industries within the soviet localities must "remain abandoned until such time as the new administration can find people to take care of them and to renew production."

There is, of course, a lack of materials that necessitates importation from outside areas, and trade is prevented by the blockade by Nanking's anti-communist campaign.

The workers' lot in these areas has been greatly improved by the recognition of the Red Trade Unions and, in 1931, the introduction of a labour code establishing an eight-hour day, increase of the minimum wage, abolition of the contract system, encouragement of union activities, inauguration of social insurance, formation of rules of industrial hygiene and protection of women workers, an annual fortnight's holiday with pay, and protection of adolescent and child labour. A Soviet educational system, though incomplete through the lack of teachers and funds, is functioning throughout the Red territories and for the cultural development of the masses there are papers and magazines, published under the control of the Soviet administration. The Soviet Theatre also puts on dramas to raise the cultural level of the people.

The 350,000 regular, and 600,000 volunteer, soldiers in the Red Army, with their living assured by the Soviet Government through the partition of land, are well organized and are reputed to be, man for man, far more efficient than those of the Kuomintang Army. At the same time, the leaders have succeeded in training former bandit-soldiers and deserters of the national government into accepting military discipline. The security of livelihood offered in the Red Army is comparatively greater than in the forces of the national government.

In spite of its many prepossessing features, there is but a small likelihood that the Soviet régime will spread, but since the disturbance of the country caused by the wars against the communists has a serious effect on the internal reconstruction according to Sun Yat-sen's national socialist plans, the problem of the communists and of communism in China, as pointed out in the Lytton Report, is "linked up with the greater part of the national reconstruction."¹

¹ "Appeal by the Chinese Government," *Report on the Commission of Enquiry*, League of Nations, Geneva, 1932, pp. 22-23.

Summing up, it must be said that just as the principal sentiment of administration in China has, from the beginning of her history, been autocratic, so it is to-day. Chinese political thinkers have pondered deeply how to bring *Wang Tao* (the "Kingly Way" of benevolent governing) into China's public administration, but though it is fundamental in the Chinese political philosophy, it has never yet been practised in Chinese politics. Even under the Republic of China neither the revolutionary period nor the tutelage period of dictatorship has given the Chinese public a chance to understand or apply democracy. At the same time, China is not a country, but a continent, so that administrative authority, except that of highly efficient federal self-government, has never prevailed all over the state, owing especially to lack of communications. Consequently, there has always existed throughout China a lack of integration of the Government to either the people as a whole or the local communities. The Government was represented by the visiting tax-gatherer, whose exactions were to be met or evaded according to circumstance. But just as he could not control one's activities in any real sense, so it never seemed possible that in any real sense one could control his.

The same dissociation exists to-day. The success of Sun Yat-sen's dream of a democratic republic must depend, as he saw quite clearly, on the capacity of the Central Government to supervise effectively the local self-governing units so as to ensure that they should be uniform in nature. It has failed to do this mainly because, as we have seen, the purposes of its leaders were not themselves uniform, but also because anything more than local autocracy has immediately aroused sufficient popular resistance for local leaders to exploit it in an endeavour to seize in their turn the central authority. In other words, you are always faced with the fact that, although the Chinese really understands no form of government but that of autocracy, he will resist autocracy on any but a localized scale. This fact was demonstrated in the past by the dynastic changes.

It is demonstrated in the present by the transfers of power from one clique or general to another. The essential problem is one of integration, geographical and social. Neither the one nor the other has been attained yet. Perhaps the spread of modern ideas will lead in the end to an attainment of the latter, and that in its turn will lead to an attainment of the former. That, of course, is the hope of the intellectuals, but for the moment it remains little more than a hope.

International Rights in China. China has been an international market ever since the British battleships bombarded Hongkong over the opium dispute in 1840. Through this conflict came the Treaty of Nanking in 1842 which put Hongkong under the authority of the British sovereign. China was wakened from her long sleep under the Manchu dynasty by this imperialist attack, but not to be free from further forced intervention. From the time of this sudden intrusion of western imperialism, her territories and economic resources were relinquished to one nation after another.

The British expansion developed commercially along the coast of western China up the Yangtse River. The grant of extra-territoriality in Shanghai led to other privileges of economic nature along the banks of the great river. Other western powers foresaw the possibilities of the commercial free market of China under the protection of their gun-boats. France and Great Britain finally occupied the whole of the district around Hankow. Germany secured the port of Tsingtao and its neighbouring regions with a view to expanding her economic concessions straight inland towards Shansi from the Shangtung peninsula, while Russia had long been endeavouring to secure control over the northern parts of China.

The Czarist ambitions in Manchuria were revealed to the world just prior to the Sino-Japanese war by her interference in Liaotung peninsula. After the war came the famous advice of the three powers, Russia, Germany, and

France, to Japan that she should restore this territory to China. During the very next year, Russia started to occupy Manchuria, and within two years succeeded in getting certain railroad and political rights from China in this desirable territory, by utilization of the revolt of Peking in 1900. Russia secured by treaties the rights to occupy, as leased territory, Kwantung, Port Arthur and some of the Manchurian railways. This Russian imperialistic expansion, menacing Korean independence and threatening Japan, resulted in the Russo-Japanese war of 1904-5. The Japanese victory resulted in the transfer of the Kwantung Leased Territory, as well as the right of management of the South Manchurian Railway and its railway zones, to Japan. Japan thus entered into the ring of the imperialistic fight on Chinese territory.

In such ways was China deprived of rights and territories by diplomacy or war, or both. Owing to her need of capital, she was also forced to give economic and political privileges to the foreign Powers. The main revenue of the country is from duties and excise on foreign imports and exports, yet these were mortgaged to the joint foreign rule of the credit Powers so that the right to regulate the tariff was, and still is to some extent, under foreign control.

The Chinese nation has since sought protection by various international treaties, such as the Four Power, or the Nine Power, Treaty of Washington, the Covenant of the League and the Treaty of Paris. But she is still under the international imperialistic yoke, though the right to regulate the tariff on imports and exports is allowed the Chinese authorities under certain conditions. International democracy, since the formation of the League of Nations, has induced the gradual return of political concessions, but the rise of economic nationalism tends to reverse the progress of international justice, as we have seen in China's most recent great loss of territory when, at one stroke, Japan manœuvred the creation of Manchoukuo. In addition to this, China has lost the whole of Jehol province; the British power, from Burma, has

extended to secure the gold deposits in Yunnan ; French interests are always more deeply penetrating the southern provinces through Indo-China ; Soviet forces interfere in the rule of Chinese territory through the Chinese Communist Party, as well as by their own economic border activity which affects China's outlying regions ; and liberal America looks always at the economic interests of China for its own profit-making. What is called China Proper is *de jure* under the sovereignty of the Chinese Republic, but this is a sovereignty limited to a great extent by actual foreign rights and to an even greater one by indirect foreign influence. Just how far the international right of interference in the Chinese administration goes is a question worth consideration, not only for the sake of China, but also for the sake of international peace.

It is obvious that extra-territoriality constitutes such an interference. Of course, the system can be defended from the domestic and from the foreign point of view. The claim is made that this is "in no way anomalous, but a necessary though temporary phase of international politics" to make a bridge between two civilizations fundamentally different—between the individualistic social concept of the West and the patriarchal traditionalism of the East. These divergent concepts brought into constant conflict the judicial responsibility between individual and corporate units in all cases with which trade intercourse had to cope. It is claimed that not merely were extra-territorial rights desirable to adjust Chinese traditionalism in law and customs on the one hand, and Western capitalist methods and principles on the other, but also on account of the corrupt and inefficient civil and judicial administration of the Chinese government that has persisted up to the present. Extra-territoriality gave, then, to the treaty powers the rights of administration and consular jurisdiction. The Powers set up municipal self-government for their residents, provided councils, commissioners of police, public works, etc. The courts, both civil or criminal, are under the control of the consulate authority.

As a result of the claim of the Chinese authorities put

forward at the time of the Washington Conference in 1922, when it seemed that a policy of international co-operation was going to be pursued throughout the world, abolition of extra-territoriality was discussed, but in spite of the numerous reports on this matter privileges of the aliens remain practically untouched except for the administrative and judicial participation of China regarding her own residents in the concession areas.

Now, whatever the justification for the existence of the system, there can be no doubt of its effect on the internal administration of China. The concessions provide neutral ground from which attacks on constituted authority can be launched, places of refuge for political fugitives and malcontents. Moreover, they provide a jumping-off ground for foreign economic exploitation of the country, and that the opportunity thus offered has been abundantly used is testified by the degree of foreign control of the economic life of the country. Thus China, *de jure* a sovereign republic, is *de facto* a semi-colonial country under its unequal treaty obligations.

The following list shows the extent of foreign political rights in China :

LIST OF SETTLEMENTS AND CONCESSIONS IN CHINA¹

THE ORIGINAL FIVE PORTS :

- SHANGHAI : The International Settlement (1843).
The French Settlement (1849).
Woosung (thrown open to foreign trade and residence in 1898, not by Treaty with any Power, but by the direct initiative of the Chinese Government).
- AMOY : Japanese Concession (1900).
American Concession (a continuation of the British Concession and known by this name until 1899).

¹ *China Year Book*, 1933, pp. 156, 157.

AMOY (*con.*) : Kulangsu International Settlement (Proclaimed as an International Settlement by the Chinese authorities on May 1, 1902).

CANTON : British Concession (acquired in 1861 and known locally as "Shameen").
French Concession.

FOOCHOW : (Opened in 1842 ; no defined area).

NINGPO : ("Campo" location set apart in 1844 : no defined area).

UPPER YANGTSE PORTS :

HANKOW : French Concession (1866 : extended 1902).
Japanese Concession (1898 : extended 1906).

CHANGSHA : General Foreign Settlement (1904).

CHUNGKING : Japanese Settlement (1901).

LOWER YANGTSE PORTS :

WUHU : General Foreign Settlement (1904 : originally marked out in 1877 for a British Concession but never taken up).

NANKING : General Foreign Settlement.

HANGCHOW : Japanese Concession (1895).
General Foreign Settlement.

SOOCHOW : Japanese Concession (1895).
General Foreign Settlement.

NORTHERN PORTS :

| | | |
|----------|---|------------------------------|
| Tsinanfu | } | General Foreign Settlements. |
| Choutsun | | |
| Weihsiên | | |

| | |
|------------|---|
| Tientsin : | British Concession (1861). |
| | British Concession Extension (1897 : extra-mural area added in 1903). |
| | French Concession (1861). |
| | Japanese Concession. |
| | Italian Concession. |

NEWCHWANG : British Concession (1861).
 Foreign Quarter (1900).
 Japanese Railway Settlement.

MUKDEN : Japanese Railway Settlement.

CHANGCHUN : " " "

ANTUNG : " " "

FUSHUN : " " "

ANSHAN : " " "

NOTE : There are also smaller Railway Settlements adjoining nearly every station on the South Manchuria Railway system.

Political Sentiments. In China, from the dawn of her history, the feudal system has been fundamental ; and thus the bureaucratic efficiency of the administration was the aim of the government, until Sun Yat-sen's " Three Principles of the People " declared democracy and socialism to be the principal ideas and maxims of the Chinese Revolution. The Chinese family system, however, remained firmly rooted in the social traditions of the rural districts, imperatively based on the patriarchal system,¹ whilst the individualism of the Chinese community is actually far greater than that of the Japanese. The teachings of Confucius and Mencius are democratic in nature and materialistic in structure. But the interpretation of this Chinese philosophical orthodoxy made use of the utilitarian method of ruling, to elevate these philosophies to the height of transcendentalism, in order to strengthen the dignity of the government in the eyes of the people. Political sentiment or ability among the Chinese people, except for the intellectuals, is absolutely of no account, for the masses readily follow any ruler for a certain length of time. Once politics fell into a state of unrest, and the confidence of the people in government was lost, the spirit of self-preservation began to be revived among the citizens in such proportion that they became independent from political interests and

¹ A. Smedley : *Chinese Destinies* (Vanguard Press, N.Y., 1933), pp. 35-42, 166-173, 175-188.

sought to organize their daily life on the guild system, thus bringing in one more institution to add to the general political chaos.

Whether the system of guild self-government be efficient or not, the political consciousness of the Chinese is very low on the average, except for the students and the small Western-trained intelligentsia. China, therefore, is dependent on these last for the development of her political education. These have very little to offer. Faithful to Sun Yat-sen's "Three Principles" and his Plans for the National Reconstruction, they are now endeavouring to stir up anti-foreignism and anti-communism as a means for promoting the idea of Chinese unity. But the influence of these people is very weak, mainly because their reputation as a whole is not such as to inspire confidence. Once they are given an opportunity to hold a ruling post, they are rarely able to escape from the corrupt traps that lie, traditionally, beneath Chinese politics. In the chaotic conditions, "political funds" and "military force" are inseparable assets of the ruling classes as a means of keeping their cliques and soldiers in ready preparation for an emergency. Thus, with the holding or accumulation of cash and foreign bank deposits exist opportunities for political racketeering, in which unfortunately, the intellectuals all too often participate. In these circumstances, it is not surprising that their influence does not extend. The public sees that the pretension of a great ruling philosophy serves as a cloak for personal and material advancement. It comes thus to suspect every appeal made to it, and is content to pursue personal as distinct from public interests. Such is the general nature of Chinese political sentiment to-day.

CHAPTER IX

ECONOMIC INSTITUTIONS

Industry. The industry of China, dealt with in this section, is divided into agriculture and manufacturing. 74·5 per cent of the total population of China lives under agrarian economy. China is second among the countries of the world in percentage of agrarian population, the first being Russia ; the third, India.¹

The Industrial Revolution, which occurred in China around the treaty ports, has naturally caused an immense decline in the rural manufacturing output, just as it has in other countries. The manufacturing industry, in a narrow sense, can be roughly divided into branches, according to the various differences of local markets and the local supply of labour. The industry owes its existence mainly to local materials which include " clay products such as bricks and tiles ; food products such as wine, oil, and flour ; timber products such as agricultural implements, straw, willow, and bamboo ; mulberry products such as baskets and plaited wares ; textile products such as cotton, woollen, and silk fabrics."² The industry in the local markets is that of artisanship, i.e. home industries, or of manufacturing artisans, such as weavers, carpenters, masons, bricklayers, blacksmiths, tailors, etc. At the same time, there is a good deal of weaving, knitting, lace-making, etc., on hand looms.

Labour in the rural manufacturing industries is of two kinds, full-time and part-time. In the rural districts agricultural labour is naturally of a seasonal character, so

¹ H. D. Fong : *Rural Industries in China* (China Institute of Pacific Relations, Shanghai, 1933), p. 3.

² *Ibid.*

that workers are glad to secure temporary employment in industry.

The textile industry has shown a steady decline of handicraft. The proportion of steam filature silk in the total silk export rose from 28.6 per cent in 1895 to 86.1 per cent in 1931. The same results are seen in the statistics of the cotton industry.¹ This decline of handicraft activity has had immediate effects upon the family budgets of the poor peasantry, which constitutes more than 74 per cent of the total population. The means of livelihood for this enormous number of Chinese people has become to a great extent seasonal in character. Therefore the reconstruction of the Chinese rural foundation is of great importance in the problems which China now faces.

There have been various proposals to form agricultural unions to permeate the rural districts and improve the efficiency of agricultural technique, utilizing also, to a greater extent, the local resources and by-products in the country districts, to the benefit of the farmers. Something indeed has been done along these lines, but it has not been particularly effective, while the farming population still remains subject to natural disturbances, such as famines, floods, epidemics, and to civil wars and banditry. In the northern farming villages there are from four to six idle months in each year when there is no part-time work, owing to the hard winters, a fact which has accounted in the past for much "extra-curricular" activity of a disruptive kind. A conservative estimate puts the numbers of farming families of the nation in under-employment at the equivalent of the whole-time unemployment of about 55,000,000 people.²

Nevertheless, the general form of the industrial development, with its characteristics of small-scale manufacture and decentralization of artisanship in the rural districts, make it relatively easy to avoid the recognized evils of

¹ The cotton industry developed from 114,712 spindles and 1,612 looms in 1890, to 4,223,956 spindles and 29,272 looms in 1930.

² H. D. Fong : *Rural Industries in China*, p. 64.

capitalist mechanism. At the same time, it is simple to ensure that the servant workers in the new industries become familiar with modern technique. Therefore, if the nature of industry is fitted to the districts according to the existence of raw materials, a certain degree of the present rural distress can be mitigated and the future agricultural economy satisfactorily developed.

It is true, as Mr. Tawney points out,¹ that, "the technique and economic structure of seven-eighths of China recalls, though with significant differences, the mediæval farming condition of Europe." In the statistics issued by the Department of Agriculture and Commerce for 1918, about 50 per cent of the peasants were shown to be occupying-owners, 30 per cent tenants, while 20 per cent owned part of their farm while renting the remainder. But the distribution of farming property is extremely unequal in the different provinces. In Kwangtung, for instance, it was estimated in 1933 that very rich landlord families, representing 2 per cent of the population, possess 53 per cent of the land; that rich peasant families, representing 4 per cent of the population, possess 13 per cent of the land; that moderately rich peasants, representing 20 per cent of the population, possess 15 per cent of the land; and that the remaining 74 per cent of the population, composed of poor and hired peasant families, possess 19 per cent of the land.

Since the world economic crisis in 1929, upwards of 200,000 Chinese labourers have returned from other countries to China. It has been stated that there are at least 60,000,000 unemployed, and not less than 2,000,000 soldiers are poor peasants who are anxious to occupy land for cultivation purposes. Meanwhile, the agricultural land is being concentrated in the hands of new powerful landlords, who alone can take advantage of any fall in prices. The degree of land concentration is even greater in provinces where the population is thin and the land less cultivated. Such a contradiction between land-owning and land-using is the kernel of the present agrarian problem in China.

¹ In his *Land and Labour in China* (London, 1932), p. 18.

NUMBER OF WORKERS AND VALUE OF PRODUCTS IN DIFFERENT INDUSTRIES IN 29 CITIES, 1930¹

| Industry | Number of Workers | Percentage | Annual Value of Products (in Chinese \$) | Percentage |
|-------------------------------|-------------------|------------|---|------------|
| Textiles | 566,301 | 47.0 | \$279,598,918 | 46.6 |
| Food Preparations and Tobacco | 176,504 | 14.7 | 102,768,509 | 17.1 |
| Clothing | 80,078 | 6.6 | 3,042,771 | 0.5 |
| Building | 77,737 | 6.5 | 33,414,067 | 5.6 |
| Chemicals | 72,020 | 5.9 | 97,281,079 | 16.2 |
| Machinery | 65,501 | 5.4 | 15,414,291 | 2.6 |
| Educational Supplies | 59,006 | 4.9 | 6,578,914 | 1.1 |
| Furniture | 40,195 | 3.3 | 1,413,654 | 0.2 |
| Art Products | 10,216 | 0.8 | 50,000 | — |
| Public Utilities | 5,432 | 0.4 | 21,843,961 | 3.6 |
| Vehicle Construction | 1,284 | 0.1 | 34,444,608 | 5.8 |
| Unclassified | 50,043 | 4.2 | 4,007,700 | 0.7 |
| Total | 1,204,317 | 99.8 | \$599,858,472 | 100.0 |

Note : The principle branches of the textile industry are Cotton Spinning (206,532 workers), Silk Reeling (148,814), Cotton Weaving (109,809), Hosiery Knitting (21,452), Silk Weaving (26,448).

¹ R. H. Tawney, *Land and Labour in China*, p. 199.

Chinese industry, particularly that on a fairly large scale, is carried on to a very large extent by foreigners. The raw materials for the industries, ores and coal, have been secured by foreigners as economic concessions. The main industries in China are the textile and the heavy industries such as iron and steel manufacturing. The tables (p. 257 and below) show the value and distribution of Chinese industry and the development of the cotton industry.

DEVELOPMENT OF THE CHINESE COTTON INDUSTRY

| Year | Number of Spindles | Number of Looms |
|------|--------------------|-----------------|
| 1893 | 204,712 | 1,612 |
| 1903 | 637,976 | 8,875 |
| 1913 | 982,812 | 9,389 |
| 1923 | 3,749,288 | 25,818 |
| 1926 | 4,066,580 | 29,272 |
| 1928 | 4,115,316 | 29,272 |
| 1929 | 4,132,756 | 29,272 |
| 1930 | 4,223,956 | 29,272 |
| 1933 | 4,611,357 | 39,564 |

Up to the present time, Chinese industry has not developed enough to be lengthily discussed, and the efficient knowledge regarding economic organization and systems does not prevail widely among Chinese industrialists, making industrial rationalization slow in comparison to that of the foreign industry in her territory. But she has enormous natural resources which can well supply all the necessary industries of a self-sufficing country. Every survey of her economic powers has resulted in this conclusion.

Raw cotton is now mostly imported rather than home grown. The Chinese consumption of raw cotton per year is estimated at roughly 2,300,000 bales of 300 pounds each, which is taken from America and India. Also there are various imports of chemicals, such as soda ash, the three essential acids (sulphuric, nitric, hydrochloric), and dye stuffs, especially analine and indigo. At the same time, several basic supplies of iron and coal have already been

secured by foreigners as economic concessions, though China needs for her economic reorganization, almost all of her mineral resources. The following tables show the coal, iron and oil resources of China, in various districts, as well as the amount of production :

COAL RESOURCES AND PRODUCTION¹

| Province | Reserves (ooo,ooo tons) | Production | | |
|---------------------------------|----------------------------|--------------------|--------------------|--------------------|
| | | 1930 (ooo tons) | 1931 (ooo tons) | 1932 (ooo tons) |
| *Heilungkiang | 1,017 | 208 | 230 | 220 |
| *Kirin | 1,143 | 638 | 580 | 500 |
| *Liaoning | 1,836 | 8,689 | 7,698 | 7,220 |
| Jehol | 614 | 659 | 703 | 380 |
| Chahar | 504 | 102 | 114 | 100 |
| Suiyuan | 417 | 93 | 91 | 90 |
| Shansi | 127,127 | 2,204 | 2,266 | 2,600 |
| Hopei | 3,071 | 7,363 | 7,660 | 7,350 |
| Shantung | 1,639 | 1,458 | 2,093 | 2,300 |
| Honan | 6,624 | 1,070 | 1,844 | 2,020 |
| Shensi | 71,950 | 237 | 227 | 250 |
| Hupei | 440 | 260 | 275 | 300 |
| Anhui | 347 | 171 | 276 | 350 |
| Kiangsi | 969 | 456 | 463 | 450 |
| Chekiang | 101 | 178 | 234 | 200 |
| Kiangsu | 217 | 50 | 108 | 130 |
| Hunan | 4,000 | 726 | 926 | 1,000 |
| Szechwan | 9,874 | 648 | 658 | 700 |
| Yunnan | 1,627 | 114 | 91 | 100 |
| Kweichow | 1,549 | 123 | 718 | 100 |
| Fukien | 500 | — | — | 300 |
| Kwangtung | 421 | 223 | 220 | 300 |
| Kwangsi | 300 | — | — | — |
| Kansu, Chinghai and Ninghsia | 6,000 | 6 | 5 | 5 |
| Sinkiang | 6,000 | — | — | — |
| Grand Total | 248,287 | 26,036 | 27,244 | 26,985 |

Note : Of the 48 modern mines, those with Chinese capital produce about 33 per cent, those with Japanese capital about 30 per cent, and those with British capital about 11 per cent of total output.

*These Manchurian provinces yield almost 32 per cent of total output.

¹ *China Year Book*, 1934, p. 735.

IRON RESOURCES¹

Total Reserve : 1,000,000,000 tons (approximate).

750,000,000 in Liaoning Province.

250,000,000 in Chahar Province (Hsuanhua Lung yen) and southern Hupeh and Anhwei.

IRON ORE PRODUCTION

(000 tons)

| Year | Large Mines | Small Mines | Total |
|------|-------------|-------------|-------|
| 1929 | 2,046 | 583 | 2,630 |
| 1930 | 1,746 | 478 | 2,252 |
| 1931 | 1,933 | 496 | 2,430 |
| 1932 | 1,800 | 480 | 2,280 |

MINERAL OIL RESOURCES¹

(The Total Oil Resources in China are estimated at 3,274 million barrels)

| Producing Centres | Production (In barrels of 42 gallons) | | |
|----------------------|--|---------|---------|
| | 1930 | 1931 | 1932 |
| Yenchang (Shensi) | 1,094 | 552 | 500 |
| Kansu (estimated) | 140 | 100 | — |
| Szechwan (estimated) | 177 | 147 | 400 |
| Sinkiang (estimated) | 300 | 300 | — |
| Anshan (Liaoning) | 22,034 | 25,000 | 23,000 |
| Fushun (Liaoning) | 334,702 | 427,507 | 440,000 |
| Penchibu (Liaoning) | 2,876 | 3,200 | 2,800 |
| Chinghsing (Hopei) | 2,814 | 1,593 | 1,500 |
| Total | 364,137 | 459,632 | 468,200 |

Note (a) Of these totals the following amounts are for natural petroleum : 1,711 ; 1,136 ; 900. The balance is for pyrogenic oil.

Note (b) Notwithstanding the gradual development of electric plants the importation of kerosene is still maintained. In 1931, 400,000,000 barrels of kerosene were imported (decrease of 400,000 from 1930) whilst the rapid increase of importation of gasoline amounted to 1,410,000 barrels (increase of 500 per cent in 5 years).

¹ *China Year Book*, 1934, p. 735.

The industrial outlook depends largely, like so much else in China, on the establishment of a stable government which will free the people from the interference to economic development of civil wars and war-lord racketeering. With the support of the Government, then, and the education of the people, she can make her population serve for the industrialization. To do this, however, China must secure financial stability and a sound banking system for the supply and security of capital in industry. Also must she aim to increase the purchasing power of the people as a whole. In conclusion, regarding the industrial development in China, it is most important that it be carried out by China through her own ability ; and in order to give this ability a chance to operate, it is of great importance that the imperialistic powers should relinquish their stranglehold on the national economy.

Commerce and Foreign Trade. The commercial system in China is now operated on the guild system. Since China has been in a state of political unrest, her trade has always been liable to interference. The guild system, however, is well organized to be independent of any political chaos and to preserve the economic life as will be shown later. So trade goes on even in the midst of wars and political unrest. It must, however, be emphasized that essentially Chinese trade is carried out neither by the Chinese industrialists nor the Chinese traders. It is a part of the machinery of foreign imperialism which utilizes Chinese wealth and labour for foreign interests. An analysis of her foreign trade shows that the Chinese traders to the provincial markets are nothing more than commissioned merchants who are buyers or sellers for foreign houses. The amount of trade done by the Chinese themselves is directed to the South Sea Islands and other south-eastern lands on the Pacific Coast.

CHINA'S FOREIGN TRADE¹

ANALYSIS OF EXPORTS (1932)

| | Hk. Tls. (ooo omitted) | Percentage of total |
|-------------------------------------|---------------------------|------------------------|
| Beans | 51,224 | 10.40 |
| Raw Silk | 32,932 | 6.68 |
| Eggs and Egg Products | 28,408 | 5.77 |
| Tea | 24,761 | 5.03 |
| Bean Cake | 23,626 | 4.80 |
| Cotton | 20,654 | 4.19 |
| Ground Nuts | 19,420 | 3.94 |
| Cotton Yarn | 19,136 | 3.88 |
| Silk Piece-Goods | 18,476 | 3.71 |
| Hides, Leather and Skins | 15,232 | 3.09 |
| Tung Oil | 14,866 | 3.02 |
| Coal | 12,092 | 2.45 |
| Bristles | 7,077 | 1.44 |
| Bean Oil | 4,803 | 0.97 |
| Pig Iron (including Ships' Ballast) | 4,568 | 0.93 |
| Matting | 2,291 | 0.46 |
| Others | <u>193,064</u> | <u>39.24</u> |
| Total | 492,641 | 100.00 |

ANALYSIS OF IMPORTS (1932)

| | Value C.G.U. (ooo omitted) | Percentage of total in value |
|--------------------------------------|-------------------------------|---------------------------------|
| Raw Cotton | 101,839 | 11.43 |
| Rice | 101,283 | 11.36 |
| Cotton Goods | 61,628 | 6.91 |
| Petroleum | 51,342 | 5.76 |
| Metals | 50,931 | 5.71 |
| Wheat | 43,968 | 4.93 |
| Sugar | 40,100 | 4.50 |
| Flour | 30,112 | 3.38 |
| Chemical and Pharmaceutical Products | 29,409 | 3.30 |
| Machinery | 26,265 | 2.95 |
| Paper | 25,585 | 2.87 |
| Tobacco | 23,706 | 2.66 |
| Woollen Textiles | 18,487 | 2.07 |
| Timber | 17,462 | 1.96 |
| Marine Products | 17,371 | 1.95 |
| Artificial Silk | 11,404 | 1.28 |
| Coal | 11,117 | 1.25 |
| Other Articles | <u>229,287</u> | <u>25.73</u> |
| Total | 891,296 | 100.00 |

¹ *China Year Book*, 1933, pp. 741, 742.

ANALYSIS OF CHINA'S FOREIGN TRADE¹

| Year | Exports | | Imports | | Excess of Imports over Exports Hk. Tls. (ooo omitted) |
|------|---------------------------|----------------------------|---------------------------|----------------------------|--|
| | Hk. Tls. (ooo omitted) | Comparison with 1913 | Hk. Tls. (ooo omitted) | Comparison with 1913 | |
| 1913 | 493,306 | 100 | 570,163 | 100 | 166,857 |
| 1922 | 654,892 | 184 | 945,050 | 188 | 290,157 |
| 1923 | 752,917 | 204 | 923,403 | 177 | 170,485 |
| 1924 | 771,784 | 212 | 1,018,211 | 198 | 246,426 |
| 1925 | 776,353 | 221 | 947,865 | 191 | 171,512 |
| 1926 | 864,295 | 223 | 1,124,221 | 205 | 259,926 |
| 1927 | 918,620 | 215 | 1,012,932 | 167 | 94,311 |
| 1928 | 991,355 | 239 | 1,195,969 | 204 | 204,614 |
| 1929 | 1,015,687 | 220 | 1,265,779 | 144 | 250,091 |
| 1930 | 894,844 | 139 | 1,309,756 | 194 | 414,912 |
| 1931 | 909,476 | 105 | 1,433,489 | 117 | 524,013 |
| 1932 | 492,641 | 57 | 1,049,247 | 85 | 556,605 |

Finance and Banking. China is now financially under the control of foreign countries owing to her foreign loans ; but the tendency is for this control to be relaxed. In proportion to the stabilization and systemization of the Chinese government, the imperialist Powers must give up their rights of control, and hand them back to the Chinese administration. Ever since the Nanking Government was formed, the general statements of budget and the reports of national receipts and payments have been made public, which is really one of the greatest developments of Chinese administration yet seen.

The following tables constitute an analysis of Chinese public finance :

¹ *China Year Book*, 1933, pp. 738, 739.

ECONOMIC INSTITUTIONS

II. PROCEEDS FROM BORROWING

| | | | | |
|--|---|---|---|---------------|
| 1. Domestic Bonds and Treasury Notes | . | . | . | 125,155,691 |
| 2. Bank Loans | | | | |
| Total Amount Borrowed | . | . | . | 108,111,322 |
| Less : Amount Liquidated | . | . | . | 104,984,887 |
| | | | | <hr/> |
| Net Proceeds | . | . | . | 3,126,435 |
| 3. Bank Overdrafts: | | | | |
| Amount at End of Period | . | . | . | 1,341,652 |
| Plus : Cash Balance at Beginning of Period | . | . | . | 90,691 |
| | | | | <hr/> |
| Total of Bank Overdrafts | . | . | . | 1,432,343 |
| | | | | <hr/> |
| Net Proceeds from Borrowing | . | . | . | 130,014,469 |
| | | | | <hr/> |
| Total Receipts | . | . | . | \$682,990,864 |

¹ *China Year Book*, 1933, pp. 745, 746.

GENERAL STATEMENT OF CASH RECEIPTS AND PAYMENTS (continued)¹

| | | PAYMENTS | |
|---|--|-------------|-------------|
| I. Party | | | |
| II. Civil Expenses: | | | |
| 1. National Government Council | | | \$3,922,894 |
| 2. Executive Yuan and Subsidiary Organs | | \$1,573,000 | |
| 3. Legislative Yuan and Subsidiary Organs | | 22,870,950 | |
| 4. Judicial | | 611,000 | |
| 5. Examination Yuan and Subsidiary Organs | | 16,769 | |
| 6. Supervisory Yuan and Subsidiary Organs | | 605,450 | |
| 7. Other Civil Establishments | | 776,800 | |
| 8. Famine Relief | | 2,256,703 | |
| 9. Subsidies: | | 3,390,000 | 32,100,672 |
| (a) Provincial and Local Governments | | | |
| (b) Others | | 22,983,973 | |
| 10. Miscellaneous | | 369,715 | 23,353,688 |
| Total of Civil Expenses | | | 985,572 |
| Less: Refunds | | | 56,430,935 |
| Net Payments for Civil Purposes | | | 33,561 |

56,406,371

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---------------|
| III. Military Expenses | . | . | . | . | . | . | . | . | 303,777,062 |
| IV. Transfers to Local Authorities from the Salt Revenue Inspectorate | . | . | . | . | . | . | . | . | 47,794,626 |
| V. Transfers to Special Fund Account from the Salt Revenue Inspectorate | . | . | . | . | . | . | . | . | 787,517 |
| VI. Loan Service, Net Amount | . | . | . | . | . | . | . | . | 238,754,171 |
| VII. Indemnity, Net Amount | . | . | . | . | . | . | . | . | 31,089,750 |
| VIII. Net Payments Added to Reserves and Suspense Items | . | . | . | . | . | . | . | . | 458,471 |
| Total Payments | . | . | . | . | . | . | . | . | \$682,990,862 |

ANALYSIS OF THE MILITARY AND DEBT EXPENDITURE

| Fiscal Year | National Budget (million dollars) | | | |
|-------------|-----------------------------------|--------------------------------|---------------------------|------------------------------|
| | Total Expenditure | Military Expenditure Amount | Military Expenditure % | Loan and Indemnity Amount |
| 1929 | 434 | 210 | 48.3 | 160 |
| 1930 | 539 | 245 | 46.5 | 200 |
| 1931 | 714 | 312 | 43.7 | 290 |
| 1932 | 683 | *304 | 44.4 | 270 |

* Including payments of 48,000,000 made in prior years. *China Year Book, 1933, p. 840.*

| Salt Revenue | | The amount of Maritime and Native Customs Revenue Collection ¹ |
|--------------------------------|---------|---|
| Gross Revenue (ooo omitted) | | Gross Revenue, including Tonnage Dues (ooo omitted) |
| 1922 | 98,100 | 97,576 |
| 1923 | 90,506 | 105,391 |
| 1924 | 97,908 | 114,461 |
| 1925 | 91,930 | 115,627 |
| 1926 | 92,058 | 128,072 |
| 1927 | 82,806 | 112,404 |
| 1928 | 65,564 | 133,252 |
| 1929 | 78,762 | 243,966 |
| 1930 | 127,861 | 290,199 |
| 1931 | 162,875 | 384,925 |
| 1932 (estimated) | 149,000 | 286,000 |

EXPENDITURE OF THE NATIONAL GOVERNMENT COVERED BY CURRENT REVENUE, WITHOUT LOANS ²

NATIONAL BUDGET million dollars

| Fiscal Year | Total Expenditure | Amount Borrowed | Per cent |
|-------------|-------------------|-----------------|----------|
| 1929 | 434 | 80 | 18.4 |
| 1930 | 539 | 101 | 18.7 |
| 1931 | 714 | 217 | 30.4 |
| 1932 | 683 | 130 | 19.0 |

No review of Chinese finances is complete without reference to foreign loans. The outstanding Chinese foreign loans are as follows :

¹ Including import, export and coast trade duties, and transit dues, but excluding famine and flood relief surtaxes. *China Year Book*, 1933, p. 477.

² *Ibid.*, p. 480.

PRESENT FOREIGN LOANS, EXCLUDING BOXER INDEMNITIES

Foreign Obligations.

| Country | Millions U.S. Dollars | Per Cent of Total |
|------------------------|--------------------------|----------------------|
| Great Britain | 225.8 | 31.8 |
| Japan | 224.1 | 31.5 |
| France | 97.4 | 13.7 |
| Belgium | 48.0 | 6.8 |
| Italy | 42.0 | 5.9 |
| United States | 41.7 | 5.9 |
| Netherlands | 18.7 | 2.6 |
| Germany | 12.0 | 1.7 |
| Scandinavian Countries | 0.9 | 0.1 |
| Total | 710.6 | 100.0 |

It is a well-known fact that a very large proportion of these loans has been used, not for economic development, but for war. Again 44 per cent of the expenditure of the Nanking Government was devoted to military purposes in 1932, while a substantial part of the funds voted for civil administration, including those of the local governments, was spent on civil wars.

Guilds. There is one feature of the Chinese economic system which is absolutely unique, that of the guild, which is one of the most important forms of self-government China has ever produced. The Chinese guilds were formed in order to preserve and secure the life and property of the members, who have always been associated by living in the same locality, or by following the same type of occupation. Many features with regard to the organization of the Chinese guilds have been noted by various investigators, but not many have attained a full interpretation of the Chinese system.

In the main, the organization of the guilds in China, just as those of mediæval Europe, was due to self-governing personal association (*Genossenschaft*) which had evolved

from a destruction of the clan system. For, when the patriarchal system began to fail, the guild system was an alternative to the patriarchal clan. The guilds also flourished when the solidarity of the state had no power to direct social affairs. The guilds began to support the patriarchal system in China in the early feudal age during the sixth century B.C. at the time of the T'ang Dynasty. Later, in the age of Chu, the social unit of China was neither the family nor the clan, since the state had no practical direct authority over the country without admitting the decentralized self-government (though the centralization of government was the avowed state policy), through the lack of communications. The only possible form of organization then was that of the guilds. The guild was thus formed, for the protection of life and property, to promote social, economic, and political stability in the face of administrative disorder.

The new societies were not necessarily opposed to the authorities; they sought mainly to protect themselves against bandits and riots. Moreover, certain co-operative societies were organized in the form of guilds, amongst the farmers, as aids in selling their products and buying agricultural tools and fertilizers. They also saved funds for their own social services amongst the members, such as those for marriages or funerals, etc.

Another kind of guild was for social intercourse among certain classes of the people; but, in general, these associations or guilds emerged from a social anarchy with which the law was unable to deal. Later, the merchant guilds began to be organized in China on the basis of protective assistance, i.e. merchants' and craftsmen's guilds, which were similar to those of the eighth or ninth century in mediæval Europe. It is to be noted, however, that in China the merchants' or craftsmen's guilds were formed after two centuries' experience with the former types of organization.

The unit of Chinese society is not essentially the individual, it is an association of people based on family on

the one hand, and the guild on the other. The idea of the attraction of one's birthplace and worship of one's ancestors naturally caused the Chinese to draw together among their associates in their native places, or with their relatives, when they happened to live in a locality distant from their home. So that the guilds of the villages gradually developed to protect their own people who went from certain districts into others, such as those who came from Shansu to Canton, forming their guild and having their own meeting place to help one another. The Chinese thus, even to-day, form guilds on a local basis, but with extensions made by emigrating members, such as in the case of the Shangtung people who entered Manchuria to form a large guild in Mukden. This sort of guild aims to support its members socially and economically as well as serving as a friendly society.

Prior to the Revolution the guilds had their own offices and an effective authority to regulate affairs by themselves and to protect themselves against any invasion by other interests. Gradually these associations have developed the modern technique of capitalistic organizations. In foreign trade the merchant guilds have formed certain new organized bodies to carry on business between foreign traders and the Chinese industrialists. As was natural in view of their origin, the guilds were democratic in their organization at the outset. But, once the authority within them began to consolidate, they began to develop into a monopoly of certain trades for the interests of leaders, just as in the middle ages of Europe when economic monopolies came about on the mercantile basis. This is what happened in China as soon as the country was opened to Western capitalism.

In general, the constitution of the guild deals with the following subjects: the opening of shops, organization, apprentices, prohibition of competition among members, regulation of weights and measures, and currency and commercial customs, contributions, conferences, legal actions, philanthropic action, and ceremonial rules.

There is an elaborate code of rules on all these subjects ; and if members act against these rules, the penalty is a boycott from the entire membership, near and far.

Since the guilds were based on moral ethics, the gravest sanctions are involved in cases of dispute within and between them. The favourite penalty resorted to in all cases is the boycott. According to these regulations of the guilds, a monopoly autocracy was brought about by the rich members in a given trade. At the same time, the regulation of trade was, and is, well systematized, and the guild served and serves as a means of keeping order in the civil life of society, even though the government authorities are entirely disrupted.

Chinese trade and economic life generally is enabled to function to the degree it does by the help of this guild system. It is through this that the Chinese economic cart has avoided any severe upset throughout the continuous civil wars of the last thirty years. Though China herself suffers extremely as a nation, the life of the Chinese is kept going by the guilds.

CHAPTER X

LABOUR AND SOCIALIST MOVEMENTS

THE TRADE UNION movement in China is so weak that it is scarcely worth while investigating. The artisan guild, however, seems to go far towards the principle of modern trade unionism. Trade union organization, in the western sense, has been nothing but a natural outcome of modern capitalism, which has brought the need of the workers to protect their interests and make claims on or protests against their employers. In China, just after the Revolution of 1911, Sun Yat-sen's new conception of government began to revolutionize the fundamental notion of society. The Three Principles of Sun Yat-sen, being democratic, had as an object the long-delayed emancipation of the working classes from exploitation, not merely from the employers, but from their own "bosses."

In 1920 trade unions were formed in Shanghai. These organizations, however, were in the main dominated by the spirit of Red trade unionism. Nevertheless, they were able to organize strikes on orthodox, non-violent, trade union lines. One of the most outstanding of these trade disputes was the seamen's strike which occurred at Hongkong in January, 1922, in which 91,700 seamen and workers participated. The repressive measures of the British government at that time, however, brought about the entire dismemberment of the seamen's organization. Subsequently, there were various trade disputes in the Shanghai and Canton spinning factories, in regard to wages and working conditions.

AVERAGE HOURLY AND DAILY WAGE IN TWENTY-ONE INDUSTRIES

| | Type of Worker | Average Wage Rate Per Hour Chinese \$ | Average No. of Hours Worked Per Day | Average Wage Rate Per Day Chinese \$ |
|---|----------------|---------------------------------------|-------------------------------------|--------------------------------------|
| 1. Wood-working : Sawing | Male | 0.069 | 9 | 0.621 |
| 2. Metallurgy : Foundry | Male | 0.086 | 9 | 0.774 |
| 3. Machinery, etc. : Machinery | Male | 0.087 | 9 | 0.783 |
| 4. Construction of Boats, etc. : Shipbuilding | Male | 0.113 | 9 | 1.017 |
| 5. Manufacture of Bricks, etc. : Glass-making | Male Child | 0.084 0.040 | 8 8 | 0.672 0.320 |
| 6. Manufacture of Chemicals, etc. : Soap Making | Male | 0.059 | 9 1/5 | 0.543 |
| | Female | 0.035 | 9 1/5 | 0.322 |
| Machine Washing | Male | 0.086 | 9 1/3 | 0.803 |
| | Female | 0.027 | 8 8/10 | 0.240 |
| | Child | 0.025 | 8 1/10 | 0.203 |
| Enamelling | Male | 0.059 | 9 2/5 | 0.555 |
| | Female | 0.047 | 9 | 0.423 |
| | Child | 0.036 | 9 | 0.324 |
| 7. Textiles : Silk Reeling | Male | 0.061 | 12 | 0.732 |
| | Female | 0.049 | 11 | 0.539 |
| | Child | 0.030 | 11 | 0.330 |
| Cotton Spinning | Male | 0.047 | 11 3/4 | 0.552 |
| | Female | 0.038 | 11 9/10 | 0.452 |
| | Child | 0.025 | 12 | 0.300 |

Although the wages of Chinese workers have been greatly improved, they are even now approximately but one-half to one-third that of Japanese workers. The tables above and on p. 276 are an analysis of the Chinese factory labour situation with regard to hours of work and wages, and reveal conditions under which no Western employee could ever live.

Obviously, these comparisons are not to be taken at their face value. Real wages in China are, of course, higher

RATES AND HOURS OF LABOUR PER DAY IN SHANGHAI, 1929

| | Type of Worker | Average Wage Rate Per Hour Chinese \$ | Average No. of Hours Worked Per Day | Average Wage Rate Per Day Chinese \$ |
|------------------------------------|----------------|---------------------------------------|-------------------------------------|--------------------------------------|
| 7. Textiles (<i>continued</i>) : | | | | |
| Silk Weaving | Male | 0.120 | 10 1/2 | 1.260 |
| | Female | 0.086 | 10 2/5 | 0.894 |
| Cotton Weaving | Male | 0.065 | 11 1/0 | 0.722 |
| | Female | 0.047 | 11 3/5 | 0.545 |
| | Child | 0.031 | 11 1/2 | 0.357 |
| Silk and Cotton Knitting | Male | 0.081 | 10 1/10 | 0.818 |
| | Female | 0.066 | 9 3/5 | 0.634 |
| Bleaching and Dyeing | Male | 0.060 | 7 4/5 | 0.468 |
| 8. Manufacture of Leather, etc. : | | | | |
| Tanning | Male | 0.069 | 9 | 0.621 |
| 9. Manufacture of Food, etc. : | | | | |
| Flour | Male | 0.051 | 11 | 0.561 |
| Oil and the By-products | Male | 0.069 | 8 7/10 | 0.600 |
| Eggs and Egg Products | Male | 0.067 | 9 3/10 | 0.623 |
| | Female | 0.051 | 9 | 0.459 |
| Tobacco | Male | 0.079 | 10 2/5 | 0.822 |
| | Female | 0.070 | 8 3/10 | 0.581 |
| | Child | 0.042 | 9 9/10 | 0.416 |
| 10. Paper and Printing : | | | | |
| Paper Making | Male | 0.060 | 11 | 0.660 |
| | Female | 0.032 | 11 | 0.352 |
| Printing | Male | 0.146 | 8 2/5 | 1.226 |
| | Female | 0.102 | 8 1/10 | 0.826 |
| | Child | 0.041 | 10 1/5 | 0.418 |

than the money figures indicated. But there is still an appalling margin, so that if the expression "sweated labour" has any meaning at all, it certainly applies to the general Chinese conditions. Nevertheless, the Ricardian theory of labour has been, and is, purely applied, not only by Chinese capitalists, but by most foreign enterprises. But both the "sub-contracting system" and "feudal traditionalism" are drawbacks to any proper development of trade union solidarity, by which some improvement might be attained.

COMPARISON OF WAGES BETWEEN CHINA, JAPAN AND BRITAIN

| | 1929 | | 1929 | | 1928 | | Day |
|-----------------|------------------------------|---|------------------------------|-----------------|---------------|----|-------------------------|
| | China, Shanghai | | Japan | | Britain | | |
| | Average Wage Rate Per Day | | Average Wage Rate Per Day | | Week s. d. | | Yen |
| Sawing | Chinese \$0.621 (male) | | .. | Yen 1.91 (male) | \$1.480 | .. | 50.9 Yen 26.796 |
| Foundry | 0.774 (" |) | .. | 2.80 (" |) | .. | 59.1 31.196 |
| Machinery | 0.783 (" |) | .. | 3.09 (" |) | .. | 53.2 28.072 |
| Shipbuilding | 1.017 (" |) | .. | 2.50 (" |) | .. | 53.0 27.984 |
| Glass-making | 0.672 (" |) | .. | 2.31 (" |) | .. | 51.5 27.148 |
| Silk-reeling | 0.539 (female) | | .. | 0.70 (female) | | .. | 0.539 |
| | 0.552 (male) | | .. | 1.61 (male) | | .. | 1.239 |
| | 0.452 (female) | | .. | 1.06 (female) | | .. | 0.816 |
| Cotton-spinning | 1.260 (male) | | .. | 1.50 (male) | | .. | 1.155 |
| | 0.894 (female) | | .. | 0.91 (female) | | .. | 0.700 |
| Silk-weaving | 0.722 (male) | | .. | 1.41 (male) | | .. | 1.085 |
| | 0.545 (female) | | .. | 0.93 (female) | | .. | 0.716 |
| Cotton-weaving | 0.660 (male) | | .. | 2.10 (male) | | .. | 1.617 |
| Paper-making | 1.226 (" |) | .. | 2.29 (" |) | .. | 51.10 27.368 |
| Printing | 0.621 (" |) | .. | 3.29 (" |) | .. | 53.2 28.072 |
| Tanning | | | .. | | | .. | 51.9 27.324 |
| | | | | | | | 4.561 4.678 4.554 |

N.B.—Average exchange rate in 1929 : Yen = 1 shilling 10½ pence.

100 Yen = \$77.5.

The foreign imperialism within China is, of course, another enormous obstruction to any wage increase, since the cheapness of Chinese labour induces investment in its exploitation. As has been said previously, most of the industries are located in the extra-territorial areas, being thus entirely free from Chinese influence. China has already, indeed, Factory and Trade Union Acts promulgated by the National Government of Nanking, but they can scarcely be applied to the workers in the industries operating under the protection of extra-territorial rights.

The trade union movement in China at present is at a stage no different from that of India, where the workers do not yet realize the need and benefit of union solidarity. At the Second Labour Conference a resolution was passed defining the workers' aims as "to raise wages, and shorten hours of work; to promote a national labour organization in China for direction and unification of the labour movement; to encourage friendship amongst, and to educate, the workers; to set up a common aim for labour policy; to arbitrate labour disputes; to establish a policy of co-operation with the International Labour Organization."

The first Chinese National Labour Conference was held in 1923, representing 230,000 members, but the fourth National Labour Conference, in 1927, was the last under the free trade-union movement (the following of which numbered then 3,000,000). The National Government of Nanking at this time suppressed free trade-unionism and encouraged "corporate" trade unions.

The following table shows the growth of trade union membership up to the time of suppression of the free movement, and its decline under the system of "corporate" unions:

TRADE UNION MEMBERSHIP IN 1928 & 1930¹

| Year | Number of Trade Unions | Members |
|------|------------------------|-----------|
| 1928 | 1,117 | 1,773,998 |
| 1930 | 741 | 576,250 |

¹ *Chinese Labour Year Book*, Second Edition (Institute of Social Research, Peiping), Part II, pp. 15-16.

There is practically no socialist movement in China except that inspired by communist propaganda and the early Sun Yat-sen socialism. There are one or two socialist parties, but these are so small in membership and influence as to be hardly worthy of notice.

Socialism as understood in China is simply that of Sun Yat-sen as embodied in *San Min Chu I*. But that socialism has only led to the formation of the Nanking Government under General Chiang Kai-shek, Wang Ching Wei, or T. V. Soong, who, as we have seen, are not exactly favourable to genuinely socialist enterprises. So socialist propaganda has been left to the communists Ch'en Tu Siu and Li Tai Chao, who have urged strongly the necessity of a powerful party to abolish the feudal war-lord institution for the creation of a new all-embracing unitary socialist commonwealth for China. Owing to the necessity of anti-imperialism, however, Chinese communism has been, and will be, permeated by nationalist politics.

Against these communists are the anarchists, Liu Szu Fu and Chou Tso Jen, who direct their passion beyond all barriers towards the whole of humanity, so as to be cosmopolitan in character; but their anarchism can hardly be justifiable if it ruins their country. Being opposed to world trends, the anarchist movement in China has not entered real politics and is no more as yet than theoretical speculation.

Communism, as shown heretofore, has been established in practical politics ever since the first formation of the Chinese Communist Party at Shanghai in September, 1920, by T. C. Chen, F. H. Chou, and others, under the direction of Wotinsky, who was sent from Russia by the Comintern. The communist policy of bringing all advanced movements within China into its authority had great success in the *entente* between Sun Yat-sen and Joffe, in January, 1924, at Shanghai, and it was the affiliated action between the Kuomintang and the Chinese Communist Party which created the strong Red Army, under the guidance of Borodin, to battle for the unity of China. The

expeditions taken towards the north of China in July, 1926, succeeded in capturing control of the cities of Wuchang and Hankow, to occupy Shanghai in March, 1927, and to place the territory of the Yangtse Valley under the dominion of the Kuomintang Party. But, owing to the ambition of Chiang Kai-shek, and the political conspiracies and jealousies between him, the Kuomintang Party itself, and the Communist Party, the alliance of the socialist and communist groups broke up. Then, by a decisive step, Chiang Kai-shek turned an "about face" to drive the communists out of Shanghai, Canton, Swatow, and other districts over which he had gained influence.

The contest in China is between the two active movements, the party of the National Government of the Republic, which declares itself to be the only nationalist party, and is supported by the bureaucrat and landlord classes, and the Chinese Communist Party and its organized Red Army contingents, and provincial administrative bodies, on the basis of the co-operation of the poor peasantry. In this conflict real socialist principles are almost entirely lost sight of. They have intellectual support, it is true, but when that support is translated into action, the action is communist action. Their only hope lies in a new interpretation of the Three Principles among leaders of the National Government, as the result of a need to compromise with a threatening communist movement.

CHAPTER XI

SOCIAL CONDITIONS

Chinese Customs in General. The history of China has been mainly one of dynasties under which the rule of the country has passed from one Chinese family to another, and, from time to time, even to some strong family belonging to another race such as the Mongol Ghenghis Khan or the Manchus. The feudal age saw a constant struggle of the various chieftains to secure power under the dynasties, and, even after what historians call the "feudal war-like period," dynastic politics were really little more than a reflection of struggles between the feudatories. The Sui Dynasty set up a strong and well organized central government, which established an efficient local administration with such features as rotation of office, open examination for recruitment of the civil service, etc. Nevertheless, the feudalistic basis still remained in society as a whole, and the magistrates of the local government were in most cases so weak that they acted as little more than tax collectors, the community being entirely dependent upon guild self-management.

Since the downfall of the mandarinat in 1911, the Chinese, as we have seen, have actually been ruled by a succession of war lords, soviets and dictatorial officials, the only permanent factor in their corporate lives being the autonomy of the guilds. Even though *laissez-faire* capitalism has tended to break down the guilds' monopoly of the country's economic life, they still remain with the family the only vital social unit, and their ancient traditions determine to a very large degree the ordinary social life of the people. No system of education has ever yet prevailed over

the entire country. Illiteracy is common. Small appreciation of hygiene or other social amenities prevails among the Chinese masses. Anyone, at the first sight of Shanghai, notices in the condition of the streets the great differences between the international concessions and China-town. The filthy odours and generally squalid appearance of the latter reveal a standard of living low in every sense of the word, and it is only too true that conditions there are certainly no worse—indeed in some respects they are better—than in any other part of the country.

It is not proposed to discuss here lengthily the nature of the Chinese, but it can surely be asserted that they are far more utilitarian than the Japanese. And, since they have not been enlightened by education, and even lack such a "code" as that which has permeated Japan, the standard of morality among them is generally extremely low. While it can hardly be said that China is travelling the downward path, as Townsend asserts in his book *Ways that are Dark*, the Chinese, with their corrupt politics and lack of commercial morality, their love of gambling and their disinclination for sustained effort, cannot fail to give the impression that many of their shortcomings as a modern nation are due to low ethical standards among the people at large.

"Modern China" is little seen outside the treaty ports, and the patriarchal family system prevails elsewhere. As yet the social impact of modernity has not been strong enough to stamp out the obstinate family tradition. The general customs of labour distribution in Chinese industries and households show how distinct the divisions of work are, and also just how clearly individualism is visualized. Yet, since socially the individual is subordinate to the family or other group, he has none of the constructive self-reliance characteristic of Western individualism, but is the victim of a sort of interior conflict of purpose which manifests itself in alternating docility and crude self-assertion.

The number of opium addicts has not been lessened, and the practice of opium-smoking is rather encouraged by the local governments for the sake of revenue. Sex equality

has never existed in Chinese society, and once the female has been consistently subordinate to the male, no social co-operation can readily exist between them since this fundamental psychology cannot be easily changed. It is to be noted that in this respect Chinese social history differs somewhat from that of Japan. In Japan an indigenous tradition of sex equality was overlaid by feudal ethics under Chinese influence, whereas in China there has never existed any such tradition. Thus the path to feminine emancipation is easier in Japan than in China, certain manifestations by a few "modern" young women of the treaty ports in despite. The need for education is far greater in China than in any other country in the Far East. Japanese education has many defects, as has been pointed out, but it is efficiently and clearly directed as far as it goes. It does produce some standards of conduct. In China, the anarchy in politics is matched by the anarchy in education, and the second, one feels, is more fundamentally regrettable than the first.

Development of Social Thought. Yet Chinese social life has a philosophical basis unmatched in any country of the world. No more profound political thought than that of Confucius and Mencius has ever issued from the Eastern mind. Their philosophical maxims have established the fundamentals for the later political ethics of the East just as those of Aristotle have done in the West. These Chinese philosophers indicated that the basic structure of philosophies must depend upon "nature." Confucius asserted, with regard to the universal good: "What Heaven has conferred is called Nature; an accordance with this Nature is called the Path of Duty; the regulation of this Path is called Instruction."¹ He went on to propound that "Man is part of Nature; that which he does in accord with this Nature is his duty in life; his education consists in getting into harmony with nature"² On this

¹ *Doctrine of the Mean*, Chap. 1.

² E. D. Thomas: *Chinese Political Thought* (Williams & Norgate, London).

ethical theory, "to govern means to rectify."¹ The best form of government must be "that which is administered by the best, and in which there is one man, or a whole family, or many people, excelling in virtue, and both rulers and subjects are fitted, the one to rule, the others to be ruled, in such a manner as to attain the most eligible life." The unitary ethical conception of the State in Chinese philosophy is no less analogous to the Aristotelian than to the Hegelian theory of state entity. The Chinese state is a real, actual concrete one "including all nature"; in other words, it is universal and it becomes the "sole expression of both Heaven and Earth."² Along with the perfection of state entity, the actual and inviolable unity between the nature of man and the nature of the world is harmoniously embraced by the functions of the state. Besides the ethical theory of the state, another school of thought, called the Lao Tzu, held that the Confucian rules and model rulers destroyed the proper harmony, and "man and his nature are both ruined by rules of propriety and man-made instruction."³ Lao Tzu's remarkable statement, in which he depicted the Eastern conception of anarchy, is "When one desires to take in hand the Empire, and make it, I see him not succeed. The Empire is a divine vessel which cannot be made; one who makes it mars it, and one who takes it loses it."⁴

The ancient conceptions of the state in Chinese political philosophy, whether based on the theory of anarchy or that of ethical imperative, have this in common, that "Nature is real, man is real, the state is real, and Heavenly control of the state is real."⁵ Confucius regarded the state as an integral family, and asserted that the relation of the individual to the State is based on the proper relation of the members of the family. His famous statement in this connection is, "in order rightly to govern the state, it is

¹ *Analects*, Bk. XII, Chap. 17.

² E. D. Thomas: *Chinese Political Thought* (Williams & Norgate, London).

³ *Ibid.*

⁴ *Canon of Reason and Virtue*, Chap. 59.

⁵ E. D. Thomas: *Chinese Political Thought*.

necessary first to regulate the family."¹ The *Li Ki* described the nucleus of Chinese political ethics as follows : " When the ruler does right, all men will imitate his self-control."²

Mencius, who was a disciple of Confucius, but a more democratic philosopher, indicated clearly, a hundred years later, that " when the right government prevails in the Empire, men of little virtue submit to those of great virtue, and men of little worth to those of great worth ; when bad government prevails in the Empire, men of little power submit to those of great power, the weak submit to the strong."³ He goes on to say that " good government obtains when those who are near are made happy and when those who are far are attracted ; the people are the most important element, the sovereign least important."⁴ Both these quotations indicate that for him the highest aim of government was the promotion of the " happiness " of the people.

A remarkable essay written by Lowes Dickinson, in his little book *Letters from John Chinaman*, indicated rightly the philosophy of China. The representative Chinese in the book writes of Chinese life : " To say that it is Confucian is to say that it is moral ; or at least (for I do not wish to beg the question) that moral relations are those which it primarily contemplates. Whereas with you, so it seems to us, economic relations come first ; and upon these you endeavour afterwards to graft as much morality as they will admit."⁵

Yet in the political ideas of Mencius the state must rest first upon a sound economic condition. He declares that " an intelligent ruler will regulate the livelihood of the people so as to make sure that, above, they will have sufficient wherewith to serve their parents, and, below, sufficient wherewith to support their wives and children.

¹ *Shu King*, Part IV, Bk. IV.

² *Li Ki*, Bk. XXIV, Chap. 7.

³ Mencius, Bk. IV, Part I, Chap. 7.

⁴ *Analects*, Bk. XIII, Chap. 16 ; Mencius, Bk. VII, Part II, Chap. 14.

⁵ Lowes Dickinson : *Letters from John Chinaman* (J. M. Dent & Son, London).

After this, he may urge them, and they will proceed, as to what is good, for in this case the people will follow after with ease." "If the people have plenty," he said, "their Prince will not be left to want alone, and when the people are in want, the Prince will not be able to enjoy plenty alone."¹ Finally, it can be said that the remarkable expression of economic virtue—"To centralize wealth is to disperse the people; to distribute wealth is to collect the people," is, in fact, the core of modern socialism.²

Mencius, however, while more democratic than his master, was also more practically minded. He admitted the basic principle: "Virtue is the root; wealth is the result," but pointed out that "Virtue alone is not sufficient for the exercise of government; laws alone cannot carry themselves into practice." This led him to stress the importance of the Art of Government. This consists, he says, in the ruler keeping the affairs of government consistently in mind, and conducting them with undeviating consistency.³ Realization of this need led him in turn to propound the administrative theory of a government centralized, absolute, efficient, and bureaucratic, since by no other can the "Art of Government" be effectively practised.

Chinese philosophy to-day has set itself the task of putting Confucius and Mencius into modern dress, and we have the elaborate formulæ for an ideal community as conceived by K'ang You Wei and Ta T'ung. In these, modern democracy, with its urge for international federation, socialist reforms, improved conditions for the workers, is related to Confucian canons and shown indeed to be little else than an enlightened interpretation of them. An example of this is found in Ta T'ung's "Three Stages" of natural and moral development in the economic and political fields. An instructive extract from the scheme follows:

¹ Mencius, Bk. I, Part I, Chap. 7; *Analects*, Bk. XIII, Chap. 9.

² *Great Learning*, Chap. 10.

³ *Analects*, Bk. XII, Chap. 14.

| First Stage | Second Stage | Third Stage |
|---|--|---|
| Federation of former States. | Construction of a New Public State | Extinction of the State in a World Society. |
| Inequality of personal rights within the several countries. | Gradual equalization of rights within countries, but inequality between races. | Universal equality, distinction between States and Races being eliminated. |
| Capital punishment not yet abolished. | Capital punishment abolished, but not life imprisonment. | All punishment abolished, the sense of shame being a sufficient deterrent of crime. |
| Every country having its own money. | The moneys of various countries gradually unified. | Money disappears. |
| Every country protecting its own trade. | International Government protecting and regulating the trade of several countries. | The distinction of States being eliminated, no protection is needed. |

This modern interpretation of Confucianism with its ideal of internationalism in an equal society of states, known as Ta T'ungism, is extremely popular among Chinese intellectuals at the present time and is the only effective rival in the field of political philosophy to the Marxism of C'hen Tu Siu. Sun Yat-sen's "Three Principles" show, of course, much more the influence of Western thought, but they represent rather a compound of emotional idealism and practical politics than any fundamental philosophy. To quote once more from Dickinson's *John Chinaman*, China is still "Confucian" in the philosophic sense, but that is no real barrier to her achievement of an ordered social justice. On the contrary, it is perhaps the most important promise of such achievement. If her philosophic convictions can only be related to her practical life in the modern world, China may yet produce the model type of society. Benevolent despotism philosophically sustained and restrained is among the most promising forms of government so far evolved, and even to-day one comes across provinces in China which are indeed "model" in the sense that "those who are near are made happy and those who are far are attracted."

CHAPTER XII

PROBLEMS OF MODERN CHINA

CHINA is not a country but a continent. Politically she has always been difficult to rule, since her enormous size makes it easy for chaotic conditions to prevail. Hence it is evident that the political system such a continental country should apply is some federal body politic with a federal governmental structure to carry out the administration. To reach this obvious conclusion is not to achieve it. The most enlightened of China's dynastic rulers reached it, but they achieved it only imperfectly. Sun Yat-sen reached it also, as we have seen, but his followers are even further from its achievement than their predecessors. They are farther from it in the first place because they have overthrown to some extent, as indeed they were forced to overthrow, the one unifying factor in China, the traditional way of life and thought. They have substituted the chaos of relative enlightenment for the relative order of ignorance. For the enlightenment which has come to China is chaotic. It has produced differences in mental outlook and physical being such as the class-stratified imperial China never knew. The Western-trained intellectual jostles the feudal war lord; the business man, possessed of almost more than Western guile in manipulating modern capitalist technique, rubs shoulders with the traditional artisan or trader working according to the methods of centuries ago; the philosopher versed in the wisdom of the ages closes his shutters on a modern world unworthy of his understanding, opening them only to smile with contemptuous indulgence on the Christian, or Marxian, bespectacled and becollared

idealist who lives next door. The farmer lives on in the ordered poverty of the ages, fighting with the soil and enduring the traditional ravages of nature and man. Storm and tax-gatherer, flood and ruler descend upon him, the meaning of the one as little apprehended by him as the other. To him it is of little importance that the rule of his masters is of the sword or of the spirit; equally he endures it, equally he evades it when he can.

In surveying these extraordinary contrasts between the intellectual and material life of one Chinese and another, one must remember that as yet they have not been co-ordinated for any purpose whatever. We have seen how in Japan the peasantry is kept in the Middle Ages by an alliance of economic adversity and moral injunction, while the urbans disport themselves in the twentieth century with an occasional nod to the shrines of their ancestors, a gesture half of instinctive piety, half of self-interest for its exemplary effect on the farmer. But these differences exist as part of a scheme, even though a bad one. They are synthetized, and woe to him who would attempt to disturb the synthesis. By every effort of a bureaucratic and police administration, the fiery idealist breathing modern dialectics is kept from the peasant, who is left to the soldier who shares his outlook and the capitalist who respects and exploits it. In China, however, it is free for all. One group of peasants may learn of communism and be sovietized, another may groan or grin under war-lord rule. Yet another may participate in an elaborate procedure of democracy, and another again live under a *laissez-faire* economic régime ignoring completely what political powers, if any, there may be.

Federalism can conquer geography, but it cannot conquer such complete diversities as these. There are those who have doubts as to the results of federation in India, and there it is backed by the might of Britain and her vast experience in political synthesis. In China you have regional divergencies even greater than in India, and no paramount power either to suggest compromise or

impose it. Thus the outlook is grave indeed. In the absence of centralizing force it is necessary for China to discover at least some effectively unifying ideas. Which brings one back to the oft repeated need for education, for the re-creation of what no longer exists except as a pious memory, Chinese civilization. That civilization was the federal cement while dynasties warred, while governments rose, fell, dominated, exploited or disappeared. That civilization no longer exists. The basic political problem of modern China is how to re-create it.

A unifying ideology, however, must be accompanied by economic reform, for the differences between rich and poor are now so great that sponsors of any sort of revolution can get a ready hearing. Whether the communist rule satisfies or not, the communist distribution of lands offered for cultivation and the method of taxation by products are welcomed by the destitute Chinese masses. If the present "national" rulers are to be the effective sponsors of a new national order, they must devise a land system as equitable as their communist competitors. Encouragement has been given to the gradual development of co-operative associations for the relief of the poverty-stricken labouring class, but up to the present this has had little effect. It is an apt description of Chinese landlord exploitation of tenant farmers to-day to say that it is similar to that of the feudal landowners in France before 1789.

In spite of the large expanse of China, therefore, the land problem has become so acute as to attract the attention of all concerned with the progress of the nation. Small holdings should be far more profitable in China proper than in Manchuria or other outlying regions, where the system of collective farming or large-scale agriculture should be capable of profitable extension. But under the Chinese landowners, many districts have already reached the stage of diminishing returns. At the same time, with the development of modern industrialism the farmers are being deprived of their subsidiary economic means by the decline of rural industry.

When all these conditions are considered, the question arises whether China's economic rehabilitation can be achieved by piecemeal reconstruction plans, or whether it is necessary to make a wholesale economic readjustment. The latter would obviously be preferable, but it is unlikely of achievement, for it would mean a complete break with the past and require leadership such as is not to be found in China to-day. Moreover, since any economic reform in China depends so much on foreign goodwill, steps can hardly be taken such as are completely to alienate that goodwill. Foreigners will co-operate in a piecemeal reconstruction of China on a capitalistic basis. They will not, in the main, co-operate in a wholesale reconstruction of the state on any other basis.

On the other hand, internally it would seem to be of the utmost importance that wholesale reconstruction should be put forward as the ideal, and that the principles of that reconstruction should be kept under constant examination. This will produce more powerful and honest leadership and enable the people as a whole to visualize the attainment of a decent life spiritually, materially, individually and nationally.

Various economic plans have been put forward. Actual work has taken place since the creation in 1928 of "The National Economic Council," consisting of twenty-eight members whose advice led to the request of the Chinese Government in April, 1931, forwarded to the Secretariat of the League of Nations, for collaboration in economic reconstruction. Sun Yat-sen's plan of 1919 for the international development of China has now taken shape in the following programme of the Nanking Government :

I. Development of Communications.

- (1) 100,000 miles of railways.
- (2) 1,000,000 miles of macadam roads.
- (3) Improvement of existing canals.
 - (a) Hankow-Yangtse.
 - (b) Sinkiang-Yangtse.

- (4) Construction of new canals.
 - (a) Liaoho-Sunghwakiang.
 - (b) Others to be projected.
- (5) River Conservancy.
 - (a) To regulate the embankments and channel of the Yangtse River from Hankow to the sea, thus facilitating the entry of ocean-going ships to that port at all seasons.
 - (b) To regulate the Hoangho embankments and channel to prevent floods.
 - (c) To regulate the Sinkiang.
 - (d) To regulate the Hwaiho.
 - (e) To regulate various other rivers.
- (6) The construction of more telegraph lines and wireless systems all over the country.

II. Development of commercial harbours.

- (1) Three large ocean ports with future capacity equalling that of New York Harbour to be constructed in North, Central and South China.
- (2) Various small commercial and fishing harbours to be constructed along the coast.
- (3) Commercial Docks to be constructed along all navigable rivers.

III. Modern cities with public utilities to be constructed in all railway centres, termini, and alongside harbours.

IV. Water power development.

V. Iron and steel works and cement works on the largest scale possible to supply the above needs.

VI. Mineral development.

VII. Agricultural development.

VIII. Irrigation works on the largest scale possible in Mongolia and Sinkiang.

IX. Reafforestation in Central and North China.

SUMMARY OF GENERAL PLAN OF RAJCHMAN REPORT

| | | |
|--|-------------------|---|
| ROADS | 6,800,000 dollars | |
| HEALTH | 500,000 | „ |
| (Activities of Central Field Station and administrative expenses) | | |
| COTTON | 1,000,000 | „ |
| (Encouragement of a co-operative society for cultivation of land and foundation of technical research) | | |
| SILK | 750,000 | „ |
| (Breeding of improved silkworms, sericulture, subsidies for modern factories) | | |
| KIANGSI CONSTRUCTION | 1,900,000 | „ |
| Activities of co-operative movement | 500,000 | |
| Education and Health | 550,000 | |
| Welfare centres in market towns | 360,000 | |
| Emergencies for refugees, unemployed | 300,000 | |
| Administration | 190,000 | |
| NORTH WEST CONSTRUCTION | 2,500,000 | „ |
| Irrigation work | 1,300,000 | |
| Animal husbandry | 400,000 | |
| Health and Veterinary | 300,000 | |
| Agricultural co-operatives | 400,000 | |
| Administration | 100,000 | |
| GRANT TO GEOLOGICAL SURVEY | 100,000 | „ |
| ECONOMIC RESEARCH | 200,000 | „ |
| ADDITIONS—Subsidiary to tea experimental station | 64,000 | „ |
| General Administration | 750,000 | „ |
| Reserve | 736,000 | „ |
| | <hr/> | |
| | 15,300,000 | „ |

The future of the national reconstruction is now dependent upon the resolutions and projects of the National Economic Council which is attempting to co-operate with the technical organs and the Labour Office of the League of Nations, as well as with international institutes of intellectual aid. The Rajchman Report to the Council of the League outlined such projects of reconstruction as lie within the present financial capacity of the Nanking Government. The projects are of course pitifully inadequate, but the Report has interest in its survey of real Chinese conditions and in the relative emphasis it places on the various construction needs.

One can recognize, however, that foreign analyses of China's needs are among the best that could be made, without necessarily agreeing that foreign co-operation in meeting them should be too much encouraged. The whole history of modern China testifies to the fact that foreign participation in her affairs has always turned out to her disadvantage. Thus it is hard to resist the suspicion that if her economic reconstruction is attempted on foreign plans and with foreign help it will result eventually in foreign, rather than Chinese, benefit.

Moreover, as we have seen, the men whom the foreigners deal with are not the men most likely to promote general Chinese interest. It is natural enough that the disinterested Chinese patriot, whether he be socialist, communist, or devoted to any other creed, should be an ardent nationalist, and instinctively opposed to foreign interference, however well-meaning, in his country's affairs. Such men the foreigner finds difficulty in getting on with, and therefore he turns to the compradore type, astute and unprincipled, yet with whom he can come to terms. This compradore is the man with whom the foreign powers are willing and able to co-operate. But he is also the man with whom China as a whole is increasingly unwilling to co-operate. His influence may be enhanced momentarily by foreign backing, but in the long run his own people will reject him because he is realized to be a time-server

and a promoter of his own rather than the general interest.

Now the problem of China's economic reconstruction, like that of her political reconstruction, is a problem of leadership. She must find men who can get inside following rather than outside backing. The suave gentlemen who tour the Occident from time to time and flatter Western audiences with accounts of China's future and of the various methods by which the Western nations can promote it are not the men to get whole-hearted Chinese support for any project whatever. This cannot be too strongly emphasized.

Again, the effect on Chinese unity, political and economic, of foreign help is the reverse of salutary. It immediately strengthens the hands of the communists who urge that Government leaders are selling out the country to the foreigner. How strong that argument may appear may be deduced from a study of recent events. Chang Kai-shek's success against the communists in November, 1934, was in no small measure due to utilization of funds from the cotton and wheat loan that Soong had obtained in the United States. When it can even be suggested, truly or falsely, that foreign help is being used to strengthen one Chinese faction against another, such foreign help can never serve as a permanent contribution to the reconstruction of China.

China's economic and political problems must be dealt with by the Chinese, and when this is said, it does not mean what is meant by the Japanese "Hands off China" statement, i.e. *ôte-toi de là que je m'y mette*. Japanese aid will be equally ineffective as that of the Occidental powers. China must work alone. She will need foreign experts in increasing numbers to advise her, but those experts must be used as advisers, and not as agents of foreign interests. The problem of modern China, as far as foreign help is concerned, is how to secure advice without domination.

PART III

INTERNATIONAL RELATIONS
IN THE FAR EAST

CHAPTER XIII

RELATIONS BETWEEN JAPAN AND CHINA

THE COURSE of international affairs in the Far East depends particularly upon the relations of the three great nations of China, Japan and Russia. Historically and actually the most important of all the relationships in the area are those between China and Japan.

Japan made her first treaty with China in 1871 regarding the neutrality and independence of Korea, but in the light of subsequent events the continuance of such a status appeared improbable. In 1876 the Japanese and Korean Governments, without consulting China, planned the establishment of Korea's freedom, a move which, although altogether unlikely to succeed in its avowed intention owing to the competition in the country of Russian and Japanese interests, aided Japan to alienate Chinese influence. The climax to these preliminary manœuvres came with the war of 1894-95, when both Formosa and Korea became detached from the Chinese Empire.

The first stages in modern Sino-Japanese relations are thus seen to have been characterized by a desire on the part of Japan to assert herself. She was eager for the independence of Korea which she regarded as indispensable to her own safety. Since any attempt to invade the Korean peninsula from the mainland would mean gaining a stepping-stone to Japan's subjugation, the intense interest felt in the territory from the beginning by Japanese rulers can be easily understood. Not only did they strive, therefore, to ensure Korea's independence of China, but they realized

that Japanese influence in the territory must be greater than that allowed any other power.

Beginning with the convention of independence with Korea in 1876, Japan made every effort to extend her influence. By the terms of the Treaty of Tientsin (1885) it was agreed that neither Japan nor China should send troops into Korea without first notifying the other. At the outbreak of the Tonghak Rebellion in 1894 both parties sent troops, Japan supporting the rebels and China the Government. After the rebellion it was a simple matter for Japan to provoke China to war by refusing to withdraw her troops. This war would have satisfactorily established Japan's position, if Russia's advance had been less strongly felt. Russia's intervention, supported by France and Germany, to deprive Japan of the Liaotung peninsula ceded under the treaty of peace with China, determined the Japanese Government to maintain sufficient armed forces to ensure that their voice should count in future as much as that of any other Power in the Far East.

From this time onward, therefore, her attitude towards China underwent a marked change, in that she abandoned her hostility and espoused the Open Door Policy. During the Boxer uprising, and against further diplomatic attempts to penetrate Manchuria, she joined with China in her protests. Prior to the Russo-Japanese war Japan insisted upon the maintenance of Chinese sovereignty in Manchuria, which Russia at that time refused to pledge.

After the Russo-Japanese war, however, her Chinese policy again changed as she set her face towards expansion on the mainland of Asia. The new policy envisaged a peaceful penetration of China by means of commercial and economic expansion, backed by diplomatic pressure and armed force. The first of her moves was to bring Korea completely under her control, which she achieved by a series of steps culminating in formal annexation in 1910. With Korea as a stepping-stone, she was ready to pursue her policy in China. Even at this time her aim was to dominate South Manchuria and Eastern Inner Mongolia,

but the balance of power among Western nations was too firmly established and she could not move in the direction she wished without arousing the opposition of other powers.

The Great War, however, at once diverted the attention of the Allied powers and offered an opportunity for seizing the great German strategic holds upon China. As one of the Allies, Japan moved at once to Shantung, where she supplanted the German power and extended her influence over the Yellow River basin. Thus openly and suddenly she revealed her real intentions regarding China and her evident disbelief in China's ability or right to hold in her hands further the vast unexplored, undeveloped and uncontrolled territory that was so evidently being disintegrated economically, if not politically, as the result of internal strife and foreign encroachment.

Her relations with the United States becoming strained owing to the disputes over interpretation of the Open Door Policy, she sent to America the Ishii Mission by which she obtained recognition from that nation of her special interests in China. Anglo-Japanese relations likewise became strained owing to Japan's gradual encroachment upon that nation's trade interests within China, especially regarding railway concessions in the Yangtse Valley. In 1915 she presented the so-called Twenty-One Demands which constituted a final and unequivocal revelation of her expansionist policy in China and aroused the opposition, only partially effective, of all the interested powers.

Since the World War, Japan's objectives have continued to be economic exploitation, territorial expansion, paramount influence, and the adoption of an Asiatic Monroe doctrine or alternatively the establishment of a united Asiatic front with Japan as the leader. With regard to economic exploitation, Japan dominates South Manchuria, Eastern Inner Mongolia and Shantung with strategic lines, thanks to her railway concessions. In regard to mines, she owns or controls the two greatest collieries of China, the Fushan and the Pingshiang, and controls forty per cent of China's total production of coal and over seventy-five per

cent of the output of modern equipped mines. She is on the way to control the foreign trade and iron industry of China. Thus persistently, by a policy of economic exploitation and development, has her influence in China and the Far East increased.

Since she is China's closest neighbour, and racially akin to her, Japan's influence in her territory ought naturally to be great. When the battle of concessions was begun by the Western powers in 1898, resulting in their marking out their respective spheres of influence on the map of China, Japan was not a full-fledged power, her own sovereignty even being subject to encroachment. At this time she was forced to be content with Fukien as her sphere of influence. By her victory over Russia, she achieved the position of a great power, but found to her regret that all the regions in China had already been occupied by the other powers, except South Manchuria, which was her sphere of colonial expansion by right of war, and Eastern Inner Mongolia, which was assigned to her by cordial agreement, not with China, but with Russia. The World War presented to her the opportunity for the necessary extension of influence to the limit of allowance by China and the other powers.

Not only because of her feeling that owing to race and language she has the natural right of influence within China, but also because of her fear that the presence of a dominating Occidental authority may imperil the independence of China and jeopardize Japan's own existence, she has striven to check any growing influence from the West, and ensure her own paramountcy.

Being the only nation of the East that has been able successfully to resist the Western onslaught, it is natural for Japan to feel it a duty to extend her protection to other nations of Asia, particularly China. Further, for her own political and economic existence it seems necessary that China should be not only independent but also prosperous, for should China ever come under the control of the Western powers, Japan would be alone in the world. Therefore,

Japan sees herself as preserver of Manchuria and protector of China. Interwoven as is her destiny and well-being with that of China, she puts forth her claim of a special position in that country with a high sense of justification.

Politically, it must be granted that Japan's policy has been due directly to existing conditions in China. Divided as China has been in governmental control, with taxes in the hands of provincial administrations which from time to time make it evident how easily they can establish their independence, and to what extent the Central Government must depend on loans from foreign nations, she has presented the spectacle of an insolvent property-holder living in perpetual danger of foreclosure. In face of the possibility of China's thus becoming another Africa or Egypt, Japan can hardly refrain from being anxious, especially in regard to the possibility of China's coming under international control. Japan depends upon China for supplies of basic materials (particularly coal, iron and steel), for a market for her manufactured products, and for mutual co-operation against Western domination. To Japan, therefore, the question of China is a matter of life and death and upon its proper and successful solution depend her future prosperity and well-being. Consequently, she seeks to forestall Western control by applying her own. This was the aim of the Twenty-One Demands, an aim which was brought to nought by the New International Banking Consortium of the Paris Peace Conference, which effectively neutralized Japanese efforts.

Since then numerous treaties have been made with China for economic concessions, yet the main political treaties made after the Great War were amplifications of the Four-Power Treaty, the Nine-Power Treaty, and the Covenant of the League of Nations, the main purpose of which was compound of a desire to put an end to concession hunting in China as a result of post-war idealism, and to ensure that no one power should steal a march on the others. Until 1931, Japan passively acquiesced in this "international" policy. Baron Shidehara's conciliatory attitude

was so well received by the Chinese that it might have led to a permanent *entente* with China, and internationally the suspicion of an aggressive policy of Japan would gradually have disappeared. The international approval of the conciliatory policy, however, received a set-back owing to increasing manifestations of nationalists in China, particularly the insistent demands for the restoration of concession rights.

Consequently, the Japanese policy changed from that of Baron Shidehara to that of Baron Tanaka, of which the first practical application was the dispatch of an army to Tsinan. This positive action of Tanaka's, together with the suspicious circumstances in which Marshal Chang-Tso-Lin met his death in Mukden, destroyed Chinese and the world's confidence in Japan's Chinese policy. From then onwards suspicion was rife everywhere of further Japanese aggression. However, Sino-Japanese relations took shortly afterwards a step towards improvement. Suspicious of his complicity, tacit or otherwise, in the assassination of Chang-Tso-Lin discredited Tanaka at home as well as abroad, and he was forced to resign.

He was replaced by Hamaguchi who immediately called Shidehara back to the Foreign Office to pursue the same conciliatory policy as before. The Chinese, however, were on the one hand distrustful of Japan, and on the other confident that they could gradually undermine her position in Manchuria, a confidence much strengthened after the Nanking Government had succeeded in getting back the concession at Hankow from the British. The result was that the Shidehara policy was no longer successful. In Manchuria it was met by a deliberate attempt to injure Japanese interests, and at home the military were growing progressively restive under the "humiliations" that Japan was reported to be suffering at the hands of the Chinese. In these conditions, and as a logical outcome thereof, occurred the Manchurian Incident of September 18, 1931.

The Manchurian expedition, although the world as a whole was against Japan, was carried out successfully, and

Manchuria and the North-Eastern provinces have been secured under Japan's control. Manchoukuo as an independent sovereign state, has become a constitutional monarchy under Japanese authority, while Chinese hatred towards Japan can now never be mitigated by any liberal capitalist diplomacy until Japan has definitely given up her imperialist ambitions.

The future of Sino-Japanese relations will be settled by these two nations themselves, but the danger lies in the extent to which the world will give its attention to China. The China policy of the Western powers, both on its positive and negative sides, is determined by their concern to protect their interests in that country. On the positive side, their attitude was expressed by the decisions at Geneva and the adoption of the Stimson doctrine. By these diplomatic steps, they hoped to stem the tide of Japanese encroachment. On the negative side their attitude was revealed by their failure to take further steps when their protests were defied by Japan. Had they taken those steps the general cost would have been too great, and the particular cost might well have been, at any rate temporarily, the loss of their foothold in China to Japan, which alone among the powers could take immediate effective military action in China. It must therefore be evident that their policy either then or subsequently has not been determined by any abstract sense of justice as between China and Japan.

The leaders of the Nanking Government, men to whom utilitarian motives are all too familiar, swiftly realized this, and their tactics have been to exploit Occidental concern for its China interests as a means at once to embarrass Japan and to consolidate their own internal power. Thus they invited the co-operation of the League of Nations in their internal reconstruction, and the invitation was accepted as a logical continuation of the utilitarian policy pursued by the powers from the outset.

This provoked the famous "Hands off China" statement of the Japanese Foreign Office spokesman of 1934, in which it was declared that Japan would oppose any attempt on

the part of China to avail herself of the influence of some other country with the idea of repelling Japan, as this would jeopardize the peace of East Asia. It was added that the undertaking of joint operations in China, even in the form of technical or financial assistance, must eventually attain political significance. The Western powers immediately protested against this statement as being in contradiction to the spirit of the Nine-Power and Four-Power Treaties. But the United States and Britain eventually professed themselves satisfied by the Japanese Foreign Minister's pledge that "Japan has no intention of trespassing on the rights of other powers in China," that she "subscribes to the principles of the Open Door and Equal Opportunity in China" and that she "is observing scrupulously all existing treaties and agreements concerning that country."

All this is certainly no augury for the improvement of Sino-Japanese relations. It implies some change in the balance of foreign power in China, but it does not imply the disappearance of that power. It shows Japan actually impelled by the same motives as the other imperialist powers, and simply for the moment more successful in translating those motives into practice. The reaction of China as a whole to this must obviously be what her reaction has always been, that of meeting the attempted foreign encroachment by every means in her power, including that most powerful one of exploiting the jealousies among her exploiters. One group of Chinese leaders might come to terms with Japan on a basis of realistic recognition that she is now the only effective imperialist power in the Far East, as seems to be happening at the present time. But that group would not survive. There would be a recrudescence of national feeling somewhere else, always sure of discreet prompting and assistance from one or other of the interested powers. Sino-Japanese relations therefore cannot be improved by Japan simply warning the other imperialist powers off, while every item of her own policy proves her to be animated by exactly the same purposes as they. Those

relations can only be improved by Japan turning her back on her past methods in China, and offering her neighbour co-operation without exploitation, and this on a basis of equality.

This will doubtless be dismissed as idealistic dreaming, and it will be stated that Japan cannot now turn back, that her present position is the logical outcome of her past policy and her fundamental need for expansion. Perhaps it is. And the logical outcome of the pursuit of that policy is as inexorably the permanence of Chinese antagonism, to which the only effective answer is force. The only unity of purpose in China to-day is in resistance of foreign encroachment, but it is a unity of purpose which no temporary expedient can destroy. The time has passed when the foreigner can settle down to exploit small corners of China without giving too explicit an account of himself. So that the real alternative to co-operation on a basis of equality with which Japan is faced is not the present one of qualified exploitation, but the more grim one of outright conquest. She is not equal to the task, as no nation has ever been equal to the task. So that realistic self-interest, quite apart from mere conceptions of justice, would seem to prompt her to seek co-operation on an equal footing.

CHAPTER XIV

RUSSIA IN THE FAR EAST

RUSSIA'S RELATIONS with the Far East date back to the 17th century when she established regular diplomatic and commercial relations with most of the important Asiatic nations and concluded the Treaty of Nerchinsk with China. During the 18th century, her attention was concentrated on consolidating her position in Europe, and Asiatic policy occupied a secondary place. But progress went on without interruption. Towards China there was friendship, based on the Treaty of Nerchinsk, and development of commercial relations. The Russian Orthodox Mission played a rôle similar to that of the Jesuits, and made remarkable achievements in the study of China's culture and science. Merchants, however, were as yet confined to the frontier cities. China's domination in Mongolia led to a migration of Mongolians into Siberia, and gave rise to the treaty of Burinsk (1727), by which Russia promised to close her borders to immigration, and China conceded that two hundred Russian merchants might visit Peking every two years. Already in 1721 a Russian diplomatic mission had been established in the Chinese capital.

The importance of this early extension of influence in the East was seen a hundred years later when Russia's dreams of European supremacy were shattered by the Crimean War and the wholesale European imperialism in China began. The consequence of Russia's defeat in Europe was further expansion in Asia with annexation of Central Asia and the Amur district of the Far East. With the outbreak of the Opium War in 1840, Britain appeared as a

great power in China, and the vitally important Pacific Coast of Russia appeared endangered. It was thought that the British gains in the Yangtse Valley foreshadowed a move by the British to gain control of the mouth of the Amur. In establishing her position more definitely in order to meet this threat, Russia came into conflict with Japan over the island of Sakhalin, which was considered an extension of the Amur region. Russia gained her point and was considered to have effectively consolidated her position against British encroachment.

Sino-Russian relations suffered no change from their friendly basis, as China regarded the moves in the Amur region as frontier manipulations of small importance. By the Treaty of Peking, Russia's friendship with China was rewarded by her acquiring the whole Ussuri region down to the sea, establishing the frontier of Sinkiang, and obtaining for her merchants the right to proceed via Kiakhta to Peking, with depots at Urga and Kalgan. Vladivostok grew rapidly after this, and strenuous efforts were made to colonise the Ussuri region.

Russo-German relations grew closer during the chancellorship of Bismarck, whose idea was to get Russia absorbed in Asia, so that the German Empire could effectively combat the influence of France, Britain and Austria in Europe. This had a great influence upon the Russian Far Eastern advance. In her quest for the open sea, Russia's aims were pursued towards the Pacific and a naval base was sought in Korea. Moreover, Russian goods being unable to compete in European regions, an attempt was made to concentrate on Asiatic markets. In face of the growing revolutionary menace and the rise of industrialism in Russia, energetic economic development was fostered by the Government and great public works were undertaken, among which was the construction of the Trans-Siberian Railway.

With the conclusion of this railway in 1903, Russian diplomacy had obtained and combined her two major purposes in the Far East : the exclusion of Japan from the

continent and the extension of the Trans-Siberian Railway through Chinese territory. Subsequently, the Boxer Rebellion played into her hands by affording her an opportunity for extending her power throughout the whole of Manchuria. As the result of the Russo-Japanese War, however, she lost her rights in the Liaotung Peninsula, Port Arthur and the southern branch of the Chinese Eastern Railway, together with mining concessions. Special fishing rights were secured by Japan as well as half the island of Sakhalin. By this defeat an enormous stimulus was given to the awakening of Asia, revolutionary movements were encouraged, the attitude of coloured races towards European colonizers stiffened, and there was a tremendous lowering of Russian prestige.

Subsequently, the increasingly menacing rule of Germany brought England and Russia together, while the interests of the United States in China and Manchuria, manifested by the Knox-Harriman proposal for the neutralization of the Manchurian railways brought Russia and Japan together. Delimiting the spheres of interest in Manchuria, Korea and Mongolia, Russia promised non-interference in Japanese activities in Korea, and Japan promised the same for Russian interests in Outer Mongolia. Russian influence in Manchuria was to the north, where the Chinese Eastern Railway was situated. Japan had a free hand in South Manchuria where she began to build the Mukden-Antung Railway connecting the Manchurian capital with Korea, of which the annexation followed in 1910.

Russia took the fullest advantage of this arrangement in Outer Mongolia. With the Mongolians looking upon the Chinese as alien conquerors, she discreetly fanned the separatist movement, while extending her own economic influence throughout the territory. Hence at the time of the Chinese Revolution, Mongolia separated from China and became an independent state with its centre at Urga. A loss of trade for China resulted, and a gain for Russia. Moreover, as a result of the loans granted by Russia, Mongolia was fast becoming a Russian colony.

During the Great War came the total obliteration of the border line between Asiatic Russia and other countries. With the Russian revolution and the civil war, the bordering regions were drawn into the struggle and contending forces swept freely over them in disregard for national frontiers. Alien minorities in Siberia and Central Asia, and especially the individualist communities of Siberia, had little direct interest in the social convulsion which took place in Russia except in so far as it favoured their national aspirations. Moreover, under pretence of helping Russia to rebuild a fighting front against Germany, foreign armies pursued private aims at the expense of Russia. Japanese contingents occupied the whole of Eastern Siberia up to Lake Baikal, and were studying possibilities of colonization. The British occupied Turkestan and the Caucasus. The Anglo-Indian Government was interested in driving Russia out of Central Asia with the rich oil fields of Baku. The Czechs were completely under the influence of the French in their activities in Siberia.

Even when at last the Soviet Government gained virtual control of Western Siberia, not wishing to antagonize the Japanese, her forces did not advance beyond Lake Baikal, and in Eastern Siberia four independent states emerged, the Republics of Verkneudinsk, Chita, the Amur, and the Maritime Province, the latter having its capital at Vladivostok. The growing nationalist movement amongst the Buriats, a Mongol tribe living around Lake Baikal, had been evident prior to the Russian Revolution, and when the Revolution broke out in 1917 a Buriat Congress met to demand autonomy; but the Chinese were attempting to regain their hold over Mongolia and captured Urga. Subsequently, the Chinese were driven out of Mongolia by the forces of Baron Ungern, one of the White Russian leaders, who continued in control of the territory until he succumbed to the Soviet forces in 1921.

The rebellions and separatist movements along the entire Asiatic inner borders of Russia seemed momentarily to have destroyed Russian power in the Far East, but within

five years of the Revolution unity was again restored. This was aided by the new policy of the Soviet Government which sought to make the Soviet Union a kind of partnership of equal nations bound together by treaties, with a centralization as great as that of any other federal republic in the world. Later, the Five-Year Plan succeeded in making the Soviet Union into one economic whole with the component parts so interdependent as to kill their economic life if they cut themselves off from the greater body politic.

Not only has the Plan been of importance in reintegrating the territories of the former Russian Empire. It has also strengthened the material power of the Soviet Union in such a way as to enable its leaders to face Far Eastern problems with confidence. The industrialization of the Kusnetsk region is of great importance in this connection, for there are situated the richest coalfields of the Union and by the establishment there of steel-plants, with the consequent attraction of population, the potentialities of Russian action all over Asia are increased. With powerful steel-plants erected half-way between the Ural Mountains and the Pacific Ocean, Russia is in a position to tackle resolutely her Far Eastern problems.

The new centre of the Union now coming into life is not situated on the borders, but is erected in a region safe from invasions from east or west, on both sides of the Ural Mountains. This region extends from the Volga River to the Yennissei. Here have been erected the Stalingrad tractor and Nizhni-Novgorod automobile plants, the Magnitogorsk iron foundries, to name only the most important. The result will be an increase of population in this part of the Union and a general shifting of Russia's centre eastward.

All this has not been without influence on Russia's policy in the Far East. Immediately after the Revolution the Soviet Government adopted a new policy aimed at using Asia as a lever for overthrowing European capitalism. Since colonies constitute the main force of the European capitalist nations, such an overthrow could best be achieved by the destruction of European power in Asia, to be brought

about by revolutionary and nationalist movements among the Asiatic peoples. What Asia was made to see in the advent of Bolshevism in Russia was a great European imperialistic power reversing its policy and favouring Asiatics, and therefore it ceased to look upon Russia as a menace. When the period of reconstruction in Russia opened, however, and Soviet Russia began to emerge as a powerful nation, Soviet diplomacy began to slip back more and more into grooves made by centuries of Russian action in Asia, and many of the new principles receded into the background. This is strikingly illustrated by events in Mongolia and North Manchuria.

With the influence of the White Russians wiped out in Mongolia, the People's Party set up a puppet government in Urga under Soviet guidance. In September, 1922, Moscow and China came into open conflict, the Chinese refusing to yield rights over Mongolia. The Soviet Republic of Mongolia, however, was proclaimed in 1924 and the hold of Moscow over the new state, though unofficial, was complete. As to Manchuria, the Chinese Eastern Railway was returned to China after the Great War, thanks to Allied intervention, but was operated by White Russians under inter-Allied control, the Russo-Asiatic Bank being the agency through which this control was effected. This situation lasted until 1922. The Soviets were interested in regaining possession of the railway, and in China public men were favouring an understanding with Russia concerning it. By an agreement of 1924, diplomatic relations with the Soviets were resumed, and the railway was placed under the joint management of China and the U.S.S.R., to the exclusion of other powers, until such time as China should re-purchase it. The actual power in Manchuria, however, was in the hands of Chang-Tso-Lin, who was independent of Peking. Therefore a separate convention was made with him, the Mukden Agreement of 1924, confirming the previous arrangements.

These agreements led the Moscow authorities to believe that the sovietizing of Asia might be achieved through

winning over Chinese revolutionaries to the communist creed. Sun Yat-sen had already established friendly relations with the Soviet emissaries in China and shown himself in favour of co-operation with Communists although opposed to their doctrine. After his death his followers seemed for a time to be even more favourable to the communist alliance, and Moscow's hold on the *Kuomintang* became supreme. But the *Kuomintang* controlled only Southern China, with Canton as its centre. Northern China, feudal and militaristic, was hostile to the Cantonese, and the rift widened into a war. The Soviet Union helped the *Kuomintang* to create a force in the South strong enough to overcome the North, in the hope that China and Soviet Russia would ultimately merge into one vast political combination under the directing hand of Moscow.

As stated in another chapter, however, once the *Kuomintang* movement was successful in its campaign against the north, it came under the leadership of moderate elements representing the middle-class intelligentsia who were eager to secure the technical aid of the Soviets, but feared the danger of anarchy resulting from the penetration of communist ideas among the people. Consequently, they turned against the communists. Chiang Kai-shek, leader of the *Kuomintang* and Commander-in-Chief of its forces, attempted to overthrow the domination of the left wing of the party, servile to the Soviets, in 1927. Relations with Soviet Russia were severed and all Soviet citizens expelled. With this disappointment in China and the economic crisis at home, the Soviet attitude became a passive one, and from 1926 on a decline of Soviet influence in Asia is noticeable. The party, servile to the Soviets, in 1927. Relations with Soviet Russia were severed and all Soviet citizens expelled. With this disappointment in China and the economic crisis

a firm stand, particularly with regard to the Chinese Eastern Railway. The Manchurian war lord, Chang-Tso-Lin, had long coveted the railway and was impatient with Russian management. In 1926, he had the Soviet manager arrested, but released him in deference to an ultimatum from the Soviet Government. In 1929, his son, Chang Hsueh-Liang, seized the railway after having the Russian staff arrested. The Soviet Government then employed force, and Red Army detachments invaded Manchuria and easily defeated the Chinese troops, so that Russia became the undisputed master of the railway and of the Russian sphere of influence. Two years later, however, the Japanese, impressed by the results of the Russian punishment of the Chinese, and for other reasons which have been already outlined, decided upon a punitive operation of the same kind but which developed on a much more comprehensive scale. The result was the establishment of Manchoukuo as an independent state, a development which constituted a more effective menace than had ever existed before to Russia's control of the railway.

It immediately became evident, however, that the leaders of the Soviet Union had no intention of resisting the Japanese advance in Manchuria, while fully realizing its purport with regard to their control of the Chinese Eastern Railway. As early as December, 1931, when the outcome of Japan's adventure was as yet uncertain, they broached the question of negotiating a non-aggression pact between the two countries. This offer was repeated in November of the following year when the new state of Manchoukuo had already been established and when it had become clear that the Western powers were unlikely to take any steps in the matter beyond verbal condemnation of Japan's action. Meanwhile, although there were constant rumours of a concentration of Russian troops on the Manchurian border, the most scrupulous care was taken by the Russian military authorities to avoid any clash with Japan, and throughout the whole Manchurian campaign as such, not a single incident as between Russian and Japanese troops was

reported. Again, after the Report of the Committee of Nineteen was adopted by the Assembly of the League of Nations in February, 1933, the Soviet Union refused to co-operate with that body in any steps likely to be interpreted by Japan as an attempt at interference with her action.

Finally, the Soviet Government intimated its willingness to sell its rights in the Chinese Eastern Railway to the newly established Manchoukuo Government, and thus remove the last possibility of friction. Formal negotiations for this sale began in Tokyo on June 26, 1933, between representatives of Soviet Russia and Manchoukuo in the presence of certain Japanese officials acting as observers. The negotiations dragged on with many interruptions until the autumn of 1934, but finally agreement was reached, and in early 1935 the Manchoukuo Government took over formal total possession of the railway.

The attitude of Soviet Russia in this regard has been variously interpreted. It has been said that her policy was simply one of appeasement, that since Japan had advanced she decided to cut her losses at the best figure possible and to retire to concentrate still further on the consolidation of her internal economy. It is to be noted, however, that she has not lost the time spent on the protracted railway negotiations. In that period she has consolidated her military position both on the Manchurian frontier and in the Maritime Province, so that those who interpret her policy as one of *reculer pour mieux sauter* are not without supporting arguments. On the Japanese side too there has been a concentration of effort. The military expenditure for Manchuria in the last three years has certainly not all been necessitated by bandit suppression, nor could Japan's military expenditure as a whole be prompted by any other external military threat than that from Russia. So that it looks very much as if the two powers were preparing for an inevitable struggle, and statements to this effect are constantly heard in both countries. However, Soviet Russia can hope to get nothing in Manchuria, while Japan, certain

of her militarists in despite, would hardly be likely to seek a singularly unprofitable expansion in the Maritime Province. There remains of course the division of Mongolia. Russia will resist the "manchoukising" of Outer Mongolia, while Japan will resist the "sovietising" of Inner Mongolia, and frontiers there are sufficiently fluid to be dangerous. For the moment, however, neither side is really ready to fight, and Soviet policy, like that of Japan, is one of watchful waiting.

Vis-à-vis to China proper, Soviet Russia seems now to have no active policy at all. Her connection with the communist areas is the most exiguous, and is scrupulously maintained only through the Third International with which her association becomes increasingly little more than topographical. Thus Russia's activity in the Far East to-day is potential rather than potent. She could, and may, do a lot. But, for the moment, she does nothing but perfect her defences and await developments.

CHAPTER XV

WESTERN POLICIES IN THE FAR EAST

JAPAN AND CHINA are Far Eastern *nations* in the sense that their people live and have always lived, at least in historic times, in the Far East. Russia is a Far Eastern nation in the sense that her territory extends into the Far East and that this territory is actually inhabited by Russians. Britain, France, the United States and Germany are or have been Far Eastern *Powers*, that is to say, they have actually possessed or controlled territory in the Far East, but their people have never settled in the region, have never become natives—indeed, to go “native” therein has always seemed to them the ultimate decadence. Essentially they have ruled, but not lived, in the Far East. This is an important distinction, for ultimately it is the Far Eastern *nations* which must determine the destinies of the Far East. But up to the present, the share of the Far Eastern *Powers* in that determination has been at least as great as that of the Far Eastern *nations*, and even now their influence is sufficiently strong to be a factor of great importance for the future. Thus it is of interest to survey briefly the policy of these Powers, to see what have been their past contact with the region, and what they are likely to do, or try to do, there in the future.

France. The policy of France has been to create a colonial base on the border of China, to establish a sphere of influence adjoining her colonial possessions and to co-operate with her allies in the general affairs of the Far East. To create a colonial base she established a protectorate over Annam and Tonkin (1881-85), and to extend her

sphere of influence in the provinces of China bordering Tonkin she exacted declaration of the non-alienation of Yunnan, Kwangsi and Kwantung, extended her Tonkin railway into Yunnan, and penetrated the south-western corner of China.

Her policy in affairs of the Far East has been a reflection of her policy in Europe. She joined Great Britain in the war on China (1857-60) in accordance with the policy of British and French allied action in the Crimean War. She annexed Cochin-China (1858-67) under the inspiration of Napoleon III, who advocated territorial aggrandizement. She was less aggressive from 1871 to 1880 after the Franco-Prussian war, but strove from 1880 to 1904 to offset her defeat by resuming colonial activities and joining in the search for possessions and concessions with other Western nations. Side by side with her policy in south-western China, was her action of working with Russia in the north. She joined Russia in 1895 in the intervention against Japan and floated the Franco-Russian loan under the guarantee of the Russian Government for the relief of China. During the Russo-Japanese war she maintained neutrality but manifested her sympathy to Russia by extending hospitality to the Russian Fleet on its way to the Orient. When Russia and Japan came to an agreement in 1907 on Manchuria, she engaged to support the two contracting parties on the Asiatic continent.

In addition to this diplomatic co-operation, France attempted to connect her interests in south-western China with Russian interests in north China by means of railways. She backed the Belgian syndicate in securing the Peking-Hankow Railway concession, carrying four-fifths of the loan, and thus making the concession Belgian only in name. She tried to gain control, through Belgian financial agents, of the Canton-Hankow Railway which was conceded to American capitalists, but the Chinese Government demanded the cancellation of the concession. Had the French succeeded, control would have been gained of the entire north and south trunk-line from Peking through

Hankow to Canton, linking up Russian and French interests.

During the Great War, France acquired a new ally in the United States, and in the formation of the New International Banking Consortium in 1918, France and the United States were seen in close co-operation. Moreover, the Russian Revolution changed France's attitude towards Russia, and she undertook to negotiate with Great Britain and Japan an understanding regarding her region of exploitation in China. It seemed, then, that France was destined to co-operate with Great Britain and the United States in maintaining the Open Door policy and international co-operation. The possibility of Japan assuming leadership in the affairs of China, however, championing the sphere policy, suggested that France should abandon the Open Door policy and settle down to definite exploitation of her own sphere of influence. Thus the policy of France depended upon whether the United States or Japan should lead future action in China. Economic and political interests in Europe for a time seemed to separate France from the United States of America and cause a French *rapprochement* with Japan vis-à-vis to China, as is evidenced by the attempts of French capitalists to invest in Manchoukuo in spite of the Stimson doctrine. Recent changes in the European scene, however, cannot fail to exercise an influence on French Far Eastern policy. To offset the menace of Germany under the Nazi régime, France has sought once more to come to terms with Russia. She has sponsored the entry of Russia into the League of Nations and has also negotiated a treaty with her, which, in spite of all the circumscription of its terms, amounts to something in the nature of a military alliance. This must in the long run prevent any co-operation with Japan and so seems to suggest that French policy in the Far East will return to its traditional lines.

Germany. Germany took no part in the economic changes of the Far East until the end of the 19th

century. The problems of political unification and the forging of Prussian supremacy absorbed her attention, although by 1880 German commerce was of international significance. The first manifestation of the influence of Germany in the Far East was her participation in the tripartite intervention in 1895. Encouragement of Russian expansion in the Far East to avoid a conflict in Europe dictated this policy of aiding Russia against Japan. Following the tripartite intervention, Germany captured Kiaochow, taking advantage in 1897 of the murder of two German priests. As a consequence, she obtained the lease of Kiaochow for ninety-nine years, making Shantung an exclusive sphere of influence by right of a first option in any undertaking requiring foreign assistance. She made good use of this advantage in playing a leading rôle in the international expedition to China in 1900, enhancing her prestige in the eyes of the Powers. She dispatched more troops to Peking than any other Power, and their leader, Count von Waldersee, was recognized as commander of the allied forces in China, except those of the United States. Her aggressive attitude at this time belied her agreement with Great Britain affirming the Open Door policy and pledging the territorial integrity of China, and it was discovered afterwards that she entered the pact, not to uphold the Open Door doctrine, but to deprive Great Britain of the rights she held in the Yangtse, for Germany insisted on the Open Door in the Yangtse while reserving her own exclusive influence in Shantung.

With regard to the Russian aggression in Manchuria, though Great Britain, Japan, and the United States entered protests, Germany remained silent. At the time of the Russo-Japanese War, however, her attitude underwent a change. Fearing that in any event the ultimate outcome would be the further spoliation of China, with her share being only Shantung, she proposed to the United States Government to make a declaration for the maintenance of the integrity of China. By this proposal Germany committed herself to the Open Door policy, and subsequently

joined the Powers in making various loans for the industrial and financial development of China. From this time to the opening of the Great War, her relations with China were of the most friendly and helpful, and her trade prospered tremendously.

Supplanted by Japan in China after the war, Germany was forced to be completely passive as regards the Far East in trade as well as politics. Naturally, as a trading nation she favours the Open Door attitude, the maintenance of equal opportunity for all comers, and the preservation of China's integrity. But for equally obvious political reasons she sympathises with Japan's actions vis-à-vis to the League of Nations. Her *rapprochement* with Japan has not up to the present gone beyond the negotiation of small-scale commercial agreements with Manchoukuo for the purchase of soya-beans and the supply of machinery, but it is more than likely that the connection will develop, in view of the Franco-Russian *entente*, the recognition of the U.S.S.R. by the United States, and the attempt of the League Powers and the U.S.A. to impose armaments restrictions on both Japan and Germany.

Great Britain. The policy of Great Britain in the Far East has aimed essentially at securing predominance in trade. During the first period of her Far Eastern diplomatic history, she directed her attention towards the opening up of China and the establishment of friendly relations with Peking. During the second period, although she seized some territory as a counter-move to the French acquisitions, she pursued the *laissez-faire* policy, cultivating the goodwill of China towards the increase of her trade. In the third period of the international struggle for concessions, Britain marked out a sphere of influence for herself. This she did by exacting from China the declaration of non-alienation of the Yangtse Valley and entering into agreements with other Powers, France, Germany, Russia and Japan.

As essentially a commercial Power, she has naturally

favoured the Open Door doctrine in China. Although her interests should have made her the first sponsor of this doctrine, owing to her having a sphere of influence already established, she was forced to sit back and let the United States take the initiative. Her real policy has always been that of the Open Door, however, for as soon as she had established herself in Hongkong she opened that island as a free port to the traders of the world. In 1842, the British Settlement in Shanghai was made an international settlement. When the proclamation of the Open Door policy was made in 1899, Great Britain was the first to reply in favour. She entered the Anglo-German agreement in order to affirm the free market policy and later she protested, in conjunction with Japan and the United States, against Russia's extortion of concessions in Manchuria. The Anglo-Japanese agreement was made to uphold the Open Door in the North against Russian advances, although, in exchange for Japanese help in protecting her interests in China and India, she was constrained to accord recognition of Japan's paramountcy over Korea and a free hand in South Manchuria. In regard to railway concessions and loans, even in the Yangtse Valley, Britain has readily co-operated with other nations and has favoured the placing of all foreign financial arrangements in China under the International Consortium. The British influence in Tibet is, of course, the outcome of her fear of Russia's approach in that direction.

Thus, generally speaking, it can be said that British policy in China has been in favour of the maintenance of the Open Door on a basis of international agreement and that consequently the Washington treaties of 1921-2 would have suited her purposes, even if her indebtedness to America and the rise of American sea-power had not in any case prompted her to fall in at all costs with the policy of the U.S.A. The Japanese action in Manchuria in 1931-3, therefore, was seen by her not only as a possible threat to specific interests, but also as a blow to the whole system on which she had depended for her prosperity in the Far

Eastern market. Moreover, she is faced with the problem of India, and any act which strengthens oriental, at the expense of occidental, prestige is a blow to her there. She was anxious that the Japanese *démarche* should not be successful; she was above all anxious that it should not appear to succeed in the teeth of Western opposition. As, then, it became increasingly evident that Japan was going to "get away with it," British policy immediately concentrated on minimising the importance of occidental opposition. This explains the studied impartiality of Sir John Simon at Geneva and his apparent acceptance of the "Hands Off China" statement at its (Japanese) face value.

The logical conclusion of such a policy would seem to be the conclusion of a definite agreement with Japan, and there have been hints and rumours (mostly in Japan, it is true) of a renewal of the Anglo-Japanese Alliance. But the need for friendship with America is felt to preclude the possibility of such a move, and so British policy with regard to the Far East, as with regard to Europe, remains indeterminate.

The United States. The imperialist activities of the American have been different from those of other Western nations, being directed from the beginning, not on securing territory and protecting spheres of influence, but on maintaining open opportunity in a broader and wider acquisitive sense. That is, the United States has never questioned the already established spheres of power within China that were procured prior to her entrance on the stage, but has attempted to act as an instrument in checking further growth and expansion, to her own benefit, by utilizing the moral aspect of the integrity of China, and the Open Door policy for equal chances for development of trade and enterprise.

The interest of the United States in the Far East has been in gradual progress ever since recovery of the Union from the revolutionary war with Britain in 1781. The trade

policy of Britain towards her western colonies, from 1763 to the time of the War of Independence, had prohibited the colonists from taking advantage of Dutch trade offerings from the Far East through forcing them to purchase from English ships, so that after the war the Union turned with other Western countries to enter upon the rich Eastern trade. As early as 1784, within a year of the signature of the Treaty of peace, the first American ship came to Oriental waters to be met by two French cruisers and escorted to Canton and introduced to the fur trade.

In 1832, Andrew Jackson sent the first American envoy to seek entrance to Oriental courts. This was followed in 1837 by the attempt to establish relations with Japan, when the ship *Morrison* visited this country carrying the seven shipwrecked sailors, thus displaying, from almost the first instance of direct activity in the East, the "humanitarian" diplomacy of capitalist America. From then onwards, numerous other attempts were made to establish Far Eastern trading relations, with some degree of success in the case of China, but with none whatever in the case of Japan.

By 1852 the settlement of the Oregon question and the acquisition of California had increased the importance of American commerce on the Pacific, and it was under growing pressure from within the American nation that the famous expedition of Commodore Perry was undertaken in 1853 to open the doors of Japan. With the Taiping Rebellion then going on in China, Perry was welcomed in Chinese ports, by the Western nations, where he waited his time for the Japanese decision. Thus, while the English were taking the initiative within China, the United States emphasized that their interests lay in the opening of Japan and Korea. The Perry mission was finally successful and a treaty was concluded between Japan and the U.S.A. in 1855.

In 1868 came the Treaty of Washington regarding commerce between the United States and China, which provided also for free immigration into either country.

The purchase of Alaska from Russia in 1867 and the later procuring of the coaling station in Samoa in 1878 made more firm than ever the place of the United States in the Pacific trade. At the same time, with General Grant in office as President from 1868 to 1877, and his journey to the Far East from 1877 to 1879, Japanese sentiment was decidedly pro-American. Samoa was annexed in 1890, and in 1898 came the Cuban uprising and the Spanish-American war with the ultimate gain to the United States of the Philippine Islands and Guam. The annexation of Hawaii came in the same year. It was in the following year that John Hay advocated the Open Door policy in a circular to the Powers. He urged the maintenance of equal opportunity in China and the preservation of China's integrity.

After the Sino-Japanese war, the United States were very active in Far Eastern Affairs. The outcome of this war strengthened the nationalist attitude, not only of Japan, but also of China, and brought on a definite change in the attitude of Western Nations towards the East. The United States had protested against the Russo-Chinese agreement of 1900 regarding Manchuria and Korea, and China herself had appealed to the Powers for mediation against Russia, who was also opposed by Great Britain and Japan. At the outbreak of the Russo-Japanese war, John Hay urged respect for the neutrality and integrity of China.

It is interesting to notice that it was during the Russo-Japanese war that far-sighted observers began to see that, despite their apparent friendliness, America and Japan would ultimately come into conflict in the Pacific. It was a time of much loose talk about the "Yellow Peril." America was regarded as the Power predestined to head the resistance to this danger. It was not, of course, anticipated that the American-Japanese conflict was imminent. It was thought that Japan would be so much exhausted by the War that decades would be needed for recovery. Moreover, it was doubted very much whether the Chinese would ever allow themselves to be commanded and led by the Japanese in the way foreshadowed by writers on the Yellow Peril.

It was assumed that China wanted to learn what Japan had learnt from Europe and that, having learnt this, she would be just as keen to make herself independent as was Japan.

It is not unlikely that these ideas were shared to some extent in Washington. In any case, towards the end of the war, there was a definite swing of American opinion in favour of the Russians and a realization that the consequences of too complete a Japanese victory might be very serious indeed. Roosevelt's efforts for peace were undoubtedly prompted by this realization, as were his attempts at the actual conference to secure abandonment by Japan of her demand for an indemnity. Indeed, from the time when Japan showed herself able to fight her own battles in the Far East, the policy of the United States seemed to be concentrating on checking her advance.

In 1907, for example, there was the suggestion of Secretary Knox regarding neutralization of the Manchurian railways. This was an attempt to apply the Open Door doctrine and was strongly opposed by Russia and Japan, who had come to an agreement regarding this territory. Again, the United States judged it advisable to accede to Japanese protection of Korea, but the American Fleet of 16 battleships was sent into Far Eastern waters soon afterwards to give a pretty clear warning that further Japanese advances could, if necessary, be repelled.

Nevertheless, in actual fact, the Japanese advance continued unchecked, mostly at American expense. The revolution within China caused indirect limitation of American influence, while the Japanese were quick to come to terms with Yuan Shih-Kai. Again, when in 1912 and 1913 the reorganization loan of the International bank of Paris was prospected, President Wilson withdrew the support of the United States Government from the American Banking groups interested, announcing that the loan touched the administrative integrity of China. By this move the American position in the Orient was weakened, whereas Japanese interests grew. On the other hand,

contrary to her evident policy, in 1914 the actions of France in the Kwangsi district, and the advance of Russia from 1913 to 1915 in Outer Mongolia, as well as Japan's growing power in Eastern Inner Mongolia, all went unprotected by the United States Government. A stand was taken, however, over the Twenty-one Demands presented to China by Japan in 1915, although its effects were weakened by the fact that the other Powers interested in China were engrossed in the conduct of the Great War. Modification of these demands was, of course, achieved, but Japan had still secured a distinct advantage and a growth of influence in China, as was proved by the outcome of the conflict of views as to China's participation in the war. Moreover, by the Ishii-Lansing agreement of 1917, the United States recognized Japanese special interests in China, and thus the problem of the United States dislike of the increase of the Japanese influence in the Pacific was postponed until the Peace Conference in 1919.

Here, owing to the Anglo-Japanese alliance, Great Britain supported Japan, as also did France in virtue of previous agreements contracted during the war. Consequently, Wilson postponed any real tackling of China's claims vis-à-vis to Japan until the Washington Conference of 1921. The aim of this move was obviously to gain time in which to deprive Japan of her war-gained support by the Allied Powers, an aim which was successfully achieved, but its immediate effect was to arouse Chinese resentment against the United States as well as Japan.

In spite of all failures up to that date, the years 1920-21 saw the apotheosis of American policy in the Far East. The American success was achieved as the result of her moral and material predominance in the world at large after the Great War. As has been seen, during the actual hostilities, Japan had been able to enlist support, or at least tolerance, of her purposes from the other Powers interested in the Far East as a return for services rendered. After the war, there were no more services to be obtained from Japan, while there were many debts to be paid to America. Hence France

and Britain particularly were eager to conciliate America by any means in their power, and support of the Open Door policy with its check on Japan was an obvious means to that end. The decisive factor in the business was Britain. She saw herself, on the one hand, financially pledged to the United States, and, on the other hand, powerless to compete with the United States in naval strength. Those responsible for United States policy spared no effort in pressing home these facts, with the result that Britain threw over the Anglo-Japanese Alliance and threw in her lot with America.

But American success was not alone due to material power. Her moral prestige at the time was also enormous. A decisive factor in the Great War, she had used all the power which that position gave her to promote settlement on an equitable and, above all, a collective basis. She had been instrumental in the establishment of the League of Nations although withholding her membership. She was regarded by the defeated Central Powers as their one friend. She was represented by a senatorial figure whose feet of clay had not then been publicly revealed. She seemed indeed to incorporate with her strength all the idealism of the post-war world. From this eminence she dominated the Washington Conference, and by the Nine and Four Power Treaties secured for the first time a formal and general pledge of adhesion to her Open Door policy.

Her Far Eastern policy since then has consisted of an attempt to maintain the *status quo*, of which the principal instrument has been the negotiation of the Kellogg Pact. But economic difficulties have prevented her from giving that policy her former material support. Moral censure alone was forthcoming at the time of Japan's advance in Manchuria, a censure taking shape in the famous Stimson doctrine of non-recognition of territorial and political changes brought about by force. Still, the antagonism to Japan's advance obviously remains, an antagonism revealed in her attitude during the naval conversations of 1934.

This desire to restrict the expansion of Japan and the growing strength of Soviet Russia tended to strengthen the tie between the Soviets and the United States, and resulted in the formal recognition extended in 1934. It is not to be concluded from this that United States policy envisages the closest co-operation with the U.S.S.R. There is still a fear of China ultimately becoming communistic in combination with the Soviet Union. So that at present the American effort appears to be concentrated towards a checking of Soviet influence and that of Japan as well. Moreover, the projected retirement from the Philippines shows a willingness to remove as far as possible every provocation of Japan. But it seems evident that, if the Japanese advance cannot be kept within bounds by the present loose alignment of Franco-Anglo-American power, then the United States will seek the only other support forthcoming.

THE PROBLEM OF THE FAR EAST

THE SURVEY made in the preceding chapters of conditions in modern China and Japan, and of the international rivalries which have concentrated in the Far East, would seem to suggest the following questions: (1) Can an international conflict be avoided? (2) Can Japan's economic needs and political aspirations be satisfied? (3) Can order and prosperity be brought to China? These questions taken together constitute the problem of the Far East.

The question with regard to an international conflict has to be faced from a realistic point of view. In Japan there are current two sorts of explanations of why the western powers did not resist by force Japan's advance in Manchuria. The first, put forward by the most assertive among the chauvinists, is that Japan was so strong at the time that no power dared challenge her. They go on to conclude from this that as now, with ready access to Manchurian resources and a larger armament establishment, she is considerably stronger, therefore no power will dare challenge her in the future and thus she can proceed still further with her expansionist policy on the continent. The other explanation, put forward by more thoughtful observers and subscribed to by certain liberal thinkers in the occident itself, is that the Western governments were so convinced of the futility of war that, even in order to right what, to judge by their published statements, they conceive to be an international wrong, they would not resort to it again, and moreover that they really believed the international mind to have developed to such a point that reason would be given priority to force and Japan would yield simply because united western opinion decided that she ought to do so.

Both these explanations of the past prompt in Japan, and

even outside, a dangerous complacency as to the future. They suggest that Japan can go her expansive way without fear of resistance by force. It is submitted, however, that the chapters which precede this demonstrate the fallacy of both these explanations. Strength to-day is initially estimated by a counting of armaments, but it is finally estimated by a counting of economic resources. The chapters on Japan have shown what her resources in that regard were and are, namely, such as to render her able to do a great deal of initial damage to the interests of the Western Powers in the Far East, but unable to sustain a prolonged campaign wherever it was waged. Japan was and is neither invulnerable nor invincible. Calculations based on the assumption that she is either, whether the conclusions drawn from them are to the effect that peace will be permanent in the Far East or that Japan will be free to proceed there as she will, are based on a fallacy ; and the sooner this is realized the better for everybody concerned.

Nor is the more pleasing picture of a war-weary West piling its arms, and putting its trust in reason alone as far as the Far East is concerned, any less fallacious. As has been shown in the previous chapter, France, Britain, and America have each traditional and clearly defined Far Eastern policies which they have pursued with relative consistency over a period of years. Those policies, economically imperialist according to their respective categories, prompted all three Powers to disapprove of the Japanese action. That they did not resist this action by force was due primarily, particularly in the case of Britain and America, to internal economic and political crises which demanded their attention at home, and secondarily to their inability to agree on any concerted measures. Soviet Russia too has a Far Eastern policy and Far Eastern interests, to both of which the Japanese action was inimical. She did not resist it for similar reasons to those which prompted the same restraint on the part of the other powers interested in the Far East.

But this is no guarantee that resistance might not be forthcoming in the future. There has been no change of

heart, only a momentary change of circumstance. And it should be noted that that change has been succeeded by others, for the better as far as they concern the individual nations in question, for the worse as far as they concern the possibility of armed resistance of Japan. America has not entirely emerged from her economic crisis, but things are better than they were, and one of the methods of relieving the crisis, as in other countries, has been an increase in construction work, largely on armaments. Britain has triumphantly emerged from her economic crisis, is in a much sounder economic position than Japan, and is now on the road to recovery. She is faced, it is true, with grave political problems in Europe, but one of the methods of dealing with them too has been to increase her armed forces. The Soviet Union has completed successfully its economic reconstruction, and moreover has come into close co-operation with the European powers through its entry into the League of Nations and its alliance with France. Thus the Powers opposed to Japan are by no means in the same position as they were in 1931. Their motives are the same, but their strength is greater and much more united. Thus the possibilities of conflict, if Japan pursues an expansionist policy in defiance of their views, is to that degree greater.

In estimating the chances of a conflict over the Far East what we have to do is not to delude ourselves into the belief that one or more of the Western Powers will never resist Japan's advance, but to attempt to gauge at what exact point and under what general impulses they can be counted upon to offer such resistance. In addition to this we must examine the purely local and psychological factors which might precipitate conflict irrespective of any deeplying motives, for history tells us that although many conflicts correspond to intelligible motives, quite a number of them simply arise out of chance impulses or actions aggravated in importance by the psychological atmosphere at a given time.

The principal cause of conflicts in the past has been the impact of two or more advancing policies in a given region.

A and B both wished to expand in such a region, and so they fought about it. Our survey of the Far Eastern policy of the Powers in the last three chapters would seem to suggest that roughly up to the time of the Great War all of them were expanding or attempting to expand in the region under discussion. That would hardly seem to be the case for any of them to-day except Japan. The Soviet Union clearly has no forward policy in the Far East, as we have shown in Chapter XIV. France's policy is simply that of her allies old and new. Britain certainly seeks to expand no further. She is concerned to maintain as far as possible what she has, and this by methods of accommodation and conciliation, but her financiers are no longer particularly attracted by investments in China. Very much the same can be said of America. She does not seek to expand, directly or indirectly, in China. Her ideals are those of the *status quo*, incorporated in the Washington treaties. Thus it can be said that Japan has really no rival in expansion in the Far East, and conflict will not arise out of competition for the further economic advantages which the region has to offer.

Western resistance of Japan's advance is prompted rather by a fear of the increased power such advances bring her in world affairs. This applies with equal force to the Soviet Union, Britain, and the United States. Logically, they will resist Japan's advance at that point at which it seems to be making Japan too strong in the world at large. By this criterion the Manchurian acquisition was just tolerable, but any further step would provoke active resistance.

Now what are the chances that Japan will take such a further step? Our survey of modern Japan has shown her impelled by economic needs towards expansion, and by psychological needs among her military classes towards self-expression. Her economic needs would seem not to impel any further advance; indeed, as we have seen, it is not altogether sure that the last advance has contributed much towards their fulfilment. Her salvation lies, as we have shown, in the expansion of her international trade,

to which perhaps the resources of Manchoukuo can contribute a little, but to which further political imbroglios can contribute nothing at all. It is true that this salvation is largely denied her by the restrictive trade policies of the other industrial Powers, but it is to be hoped that those restrictions will be modified rather than extended in the future. If they are not, of course, then Japan may be forced into further political adventure in sheer desperation. Otherwise, she can live on what she has got, resources of brain, energy and industrial equipment, allied to fairly easy access to industrial raw materials. And hence she need not fight for any more.

But the psychological *élan* of her military rulers, a product of the feudal tradition and its impact on modern capitalism, is a less calculable factor. Utilitarian motives in a nation's leaders are perhaps less engaging than those of patriotic feudal heroism, but they are also less dangerous. To the race- and nation-conscious Japanese, the impact of Western power has left an impression of humiliation which, it sometimes seems, nothing but militant assertiveness can efface. Defiance and defeat of the Western nations present themselves to such minds as a spiritual necessity divorced from material needs. There lies the danger while, as at present, Japan moves towards the Fascist corporate state under leaders whose emotions dominate in the final analysis their reasoned judgment.

This leads to a consideration of emotional accretions elsewhere, which might precipitate conflict quite apart from whether or not Japan took the decisive steps which, as we have said, would inevitably provoke it. Japan, oriental, militarist at home and autocratic in her domination in China, could well become the bogey of the Anglo-Saxon, democratic and freedom-loving American imagination. So visualized as the racial and ideological antichrist, conflict with her might come to seem inevitable if it were initiated by some local incident in, say, China, of no fundamental importance whatever. Similarly, to the communist imagination, Japan, monarchical and military

capitalist, might easily come to be seen as the "natural enemy" if some local incident arose.

When thinking of this, we are reminded that China is all too rich in potentialities for such incidents. As we have seen, there are specific danger spots as between Soviet Russia and Japan, the Manchurian frontier and the Mongolian absence thereof, to take the two outstanding examples. But perhaps more important than these are the general conditions in China. We have seen how the internal conflicts of Chinese politics are inextricably bound up with international competition. There is no leading politician in China to-day who, after his professed nationalism, is not pro-this or pro-that Far Eastern Power. As such, he can get personal or public help from the Power of his affection, which is occasionally (although not always) a good thing for China, but is always a bad thing for international relations. Jealousies and suspicions are constantly rife, and incidents multiply. Here are concentrated the sparks which in the emotional atmosphere referred to above might lead to international conflagration.

The question of international conflict over the Far East, then, would seem to turn primarily on whether Japan will seek further expansion in China, and thus arouse the Western powers to resist her acquirement of too great an international strength, and secondarily on whether some small incident in China can provoke a conflict as the result of the emotional outlooks of the Powers concerned, quite apart from any basic cause. The first point brings us to the second question raised at the beginning of this chapter: "Can Japan's economic needs and political aspirations be satisfied?" Her economic needs lie, as we have said, in the field of international trade. If those needs are not recognized, or, being recognized, are then conveniently ignored, by the other Powers, then no one can predict anything as to the result except its gravity. That the militarists were able to regain power in Japan is due to momentary political circumstances; that they have been able to retain it is due to the fact that the capitalists have supported them, as

the result of the international restrictions on foreign trade. If those restrictions are not at least in part removed, then Japan's economic needs can hardly be met, even if she herself, as in the circumstances she obviously would not, adopted a socialist system of distribution. There are capitalist leaders in the Western countries concerned who argue that these restrictions cannot be removed if the economic life of the respective peoples is to be maintained. If this is so, then the capitalist system has clearly failed and its failure will have more than a theoretical demonstration in the desperate conflict which it can finally engender.

As to Japan's political aspirations, these can be satisfied with little difficulty if her economic needs have been met. She aspires to equality with the great nations of the world, expressed in the symbols of armaments and diplomatic paraphernalia. She aspires, too, to a none too precise recognition of her hegemony in the Far East, a status which geography and history have already accorded her, so that diplomacy might just as well follow suit. These aspirations can be met by Western powers which, making up their minds definitely about the Far East, will as definitely lay down to themselves and to the world what they must resist for their own safety and what they should accord for their own and the general peace of mind.

The last question, "Can order and prosperity be brought to China?" is closely bound up with the first. While there is no order in China, the conflicts and intrigues among the interested powers go on perforce. The alternative methods which suggest themselves for the necessary reconstruction are (1) the international control advocated by Sun Yat-sen, (2) the establishment of an effective Chinese dictatorship as now advocated by Chang Hsueh-laing and others, and (3) the establishment of a socialist or communist régime. There would hardly seem to be any other alternative, for the present shifting balance of conflicting elements is a balance of chaos, nationally disastrous and internationally dangerous.

But to agree as to the desirability of international control is not to agree as to the methods of applying it. There

is, alas, no truly international body in the world to-day. The League of Nations was the nearest approach to it, but this body does not include either the United States or Japan, the two powers perhaps most vitally interested in the destinies of China. America might fairly easily come to terms with the League on an agreed plan of international control. But Japan, for obvious reasons, would never do so, and has actually opposed her "Hands off China" statement to the piecemeal efforts made by the League of Nations at the direct request of the *de jure* Chinese Government. Thus the outlook for international control appears for the moment well-nigh hopeless. All that appears possible is a certain amount of indirect help accorded by the powers for specific purposes on the basis of agreement among them.

Dictatorship might commend itself if a suitable dictator could be discerned. There is no lack of dictators in China, which is of course one of the reasons why no single one can obtain supreme power. Chiang Kai-shek has come nearest to occupying the rôle, but his power has always been restricted in area and maintained even therein on a basis of complicated alliances which renders impossible the fulfilment of any large-scale constructive purpose. The conclusion emerges that China, geographically and psychologically, resists nation-wide autocracy, so that the outlook for dictatorship again looks pretty hopeless.

There remains the possibility of the establishment of a federal republic on a socialist or communist basis. This would, of course, be resisted by the War Lords, the businessmen and the political compradores. But it does offer the best chance of really integrating the Chinese people. This has already been seen in the sovietized areas, where to political stability unknown in other parts of China has been added such economic prosperity for the masses as has never been known in the whole of Chinese history. To say that China of her own free will has rejected the non-capitalist régime is obviously untrue. Even without support from the Third International, the sovietized areas

have expanded widely, and their subsequent elimination has only been made possible by the force applied by Chiang Kai-shek, a force in its turn backed in no small measure by foreign money.

This brings us to what has always, up to the present, seemed to be the decisive factor against any establishment in China of a socialist or communist régime, namely, the antagonism of the foreign Powers. This antagonism is comprehensible up to a certain point. The foreign capitalist powers interested in China see in the establishment of such a régime therein at once a threat to the stability of their own régimes and an increase of power and influence for Soviet Russia, which they naturally wish to prevent. But surely these arguments have not the force they had when recent history is honestly reviewed and conditions in China are fully taken into account. A communist régime has existed in Russia for the past eighteen years. Has that fact jeopardized the capitalist régimes in other countries except by the example that it has set? Is the existence of Soviet Russia a challenge to the capitalist régime, or does that challenge arise from the failures of capitalism itself? And would, therefore, a communistic or socialistic China constitute any such challenge?

As to the access of power to the Soviet Union emanating from the establishment of a socialist or communist régime in China, does this really represent such an enormous risk? The Soviet Union is now a member of the League of Nations and therefore is as much subject to international control as was, for example, Japan. Again, if China remains on a capitalist foundation there is always the risk that she will fall under the complete dominance of Japan, an eventuality which, as we have seen, the foreign Powers would have considerable difficulty in preventing, certainly as much difficulty as they would have in preventing a similar dominance by Soviet Russia.

On the other hand, there are other conditions which, from the purely foreign point of view, would suggest the desirability of the establishment in China of a non-capitalist

régime. If she does develop as a capitalist nation, in time all her energies will be thrown into industrialization by the efforts of her ruling classes to compete with the other industrial nations of the world. This will be a menace to the other capitalist nations indeed, for with her enormous resources of material and cheap labour she will be able to compete with them in a manner yet more formidable than that of Japan, which already they have found formidable enough. If a non-capitalist régime is established in China, however, she will not be rushed into industrialization to secure profits for the exploiting classes, but will proceed to a wholesale economic reconstruction beginning with a more equitable distribution of existing wealth and agrarian reform. A rise in the general standard of living would be the main object of a non-capitalist régime, whereas the essential purpose under a capitalist régime would be to increase the profits of the ruling classes by utilizing the cheap labour of the Chinese as long as possible, to the detriment of other nations' trade.

When this is taken into consideration in conjunction with the facts that (1) under other régimes unification of China has so far proved impossible, (2) the non-capitalist ideal obviously rallies in China the only disinterested leadership, and promises the only likelihood of putting an end to conditions among the Chinese masses that are a disgrace to a modern civilization, the opposition among the foreign powers to the establishment of such a régime might well be moderated.

Can order and prosperity be brought to China? The answer would appear only to be affirmative, subject to the condition that the foreign powers are willing, in addition to giving up their acquired privileges and refraining from further fishing in troubled waters, to assist the establishment of the only sort of régime in China which gives any promise of unity, which can be conducted by disinterested leadership, which can serve the best interests of the Chinese as a whole, and can prevent, in the long run, China from becoming an economic menace to the already severely threatened capitalist world.

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INDEX

- ABE, I., 108, 115, 176
 Adachi, K., 121-2
 Agriculture, (c) 254, (j) 157 ff.
Aikokusha, 110
 Ainus, 31
 Amaterasuomikami, 21
 Anglo-Japanese Alliance, 321, 326
 Australia, 173

 BAIKAL, LAKE, 31, 309
 Bethlehem Steel Company, 224
 "Big Five" Banks, 165
Bloc economy, 210 ff.
 Board of Audit, (j) 78, 86
 Borodin, M., 227, 278
 Boxer Uprising, 221, 298
 Buddhism, (j) 20, 22, 25
Bushido, 25, 28

 CHANG HSEUH-LIANG, 209, 335
 Chang Tso-lin, 115, 302, 311, 313
 Chemical industry, (c) 257, (j)
 142, 144
 Chen Ming-Ch'ü, 236
 Chiang Kai-shek, 227, 236, 278-9,
 294, 312, 336
 Chinese Eastern Railway, 311,
 313-14
 Ch'in Shih Huang Ti, Emperor,
 15
Chokunin, 128
Chonin, 28
 Chosu clan, 38, 106, 114
 Coal, (c) 259, (j) 138
 Communism, (c) 227, 236, 242 ff.,
 278, 284, (j) 177, 195, 202
 Compradores, 241, 293
 Confucius, 15, 29, 282-3
 Constitution, the, (c) 229 ff., (j)
 43, 47 ff., 58 ff., 81
 Corruption, political, (c) 241, (j)
 65n., 71

Daimyo, 27, 39, 40, 42
Dajokan, 39, 41
 Dazai, S., 30
 Dickinson, L., 284, 286
 Diet, the, 39, 49, 50, 65 ff., 77
Doshikai, 112, 119
 Dynasties, Ch'in, 15; Chou, 15;
 Five Little, 20; Han, 15; Ming,
 20, 32; Sung, 22, 29; Sui, 280

 ELECTRIC POWER, (j) 142
 Extra-territoriality, (c) 249 ff.

 FASCISM, (j) 57, 160, 187, 192, 202
 F.B.I., 172
 "Feudal capitalism," 143, 200
 Feudalism, (c) 280, (j) 25, 27, 38,
 108
 Fong, H. D., 254-5
 Formosa, 13, 96 ff., 214, 297
 "Forty-Seven Ronin," 28
 Fox, C. S., 138
Fu, 43, 94
 Fujiwara, 23-4
 Fukuzawa, Y., 107-8

 GENERAL STAFF, (j) 51-2
 Genji clan, 24
 "Genji Monogatari." See Mura-
 saki
Genro, 53-4, 58, 113
Genro-In, 41-2
Gijo, 38-9
 Goto, S., 38
 Gowen, H. H., 222
 Guilds, (c) 269 ff.

- HALL, J. W., 222
 Hamada, Mr., 182 ff.
 Hamaguchi, Y., 57 115-16 120, 123
 "Hands off China" statement, 294, 303, 322, 336
Hannin, 128
 Hara, K., 57, 113, 119, 123, 128
 Hayashi, R., 29
 Heian Era, 23
 Heike clan, 24
Heimin, 87
 Helie, M. Faustin, 62
 Hideyoshi, 20, 26, 53
 Hiranuma, Baron, 85
 Hiung-nu, 31
 Hojo Regents, 25, 53
 Hokkaido, 86, 95
 Honen Shonin, 25
 Hozumi, Professor, 63
Hsien, 239
 Hunter, E. H., 45
 Hypothec Bank, 158, 166

 IMPERIAL HOUSEHOLD MINISTRY,
 (J) 55, 63
 Imperial University, (J) 127
 Indo-China, 21
Ingai-Dan, 126
 Inouye, J., 116
 Inouye, T., 48, 54, 108
 International Labour Conferences, 113, 177, 180, 183-4, 277
 International Transport Workers' Union, 184
 Inukai, T., 110 ff., 117
 Iron, (c) 260, (J) 137
 Itagaki, T., 41, 48, 108, 110, 127
 Ito, Prince, 41-2, 47, 49 ff., 69, 85, 108 ff., 119
 Iwakura, Prince, 38, 108
 Iwasaki, Baron, 112

 JESUITS, 27
 Jeujens, 31
 Jimmu, Emperor, 22
 Jingo, Empress, 22
Jiyu, 42, 110-11

 KAGAWA, T., 115
Kaishinto, 42, 110
Kakushin Club, 113-14
 Kamakura, 24-5, 38
Kana, 23
 Kaneko, K., 48
 Kangte, Emperor, 21
 Katayama, S., 108, 176-7, 194
 Kato, Admiral, 56
 Kato, Baron, 112, 114, 120, 180
 Katsura, T., 54, 108, 112
Ken, 40, 43, 94
Kenseikai, 112, 114
 Khan, Genghis, 32, 280
 Khan, Kublai, 20
Kintei, 82
 Kiyoura, Count, 54, 85
 Kobayama, S., 54
 "Kojiki," 22
Kokumin Domei, 75
Kokutai, 60, 201, 209
 Korea, 13, 96-7, 171, 214, 221, 297
Ku, 93
 Kuge, 38, 40, 42
 Kuhara, Mr., 121
Kuomintang, 223-4, 227, 232, 235, 278, 312

Laissez-faire, 10, 33, 132-3, 160, 170, 189, 207, 280
 Lansing-Ishii Agreement, 226
 League of Nations, 9, 293, 303, 331, 336
 Lenin, 177, 194
Likin, 223

 McLAREN, W. W., 39, 43
 Manchoukuo, 13, 98, 100 ff., 173, 208 ff., 248, 303, 313
 Manchus, 21
 Manchurian Incident, 80, 187, 196, 302
 Manhood Suffrage, (J) 124
 Mao Tse-Tung, 243
 Marxism. *See* Communism
 Matsukata, M., 54, 108
 Matsuoka, K., 187
 May 15th Outrage, 88, 117
 Meiji, Emperor, 38

- feiji Restoration, 30, 38 ff., 53,
 87, 203
 fencius, 15, 29, 282, 284-5
 Ietropolitan Police, (J) 84, 86, 95
 Minobe, Dr., 63
 Minoura, K., 119
Minsceto, 57, 75, 79, 91, 119 ff.
 Mitsubishi, 112-13 123-4, 165
 Mitsui, 113, 124, 151, 165, 170
 Mogi, S., 46, 64, 81
 Mongolia, 13, 299, 308, 315, 326
 Murasaki Shikibu, 24, 203
 Muto, S., 113

 NAKAMURA, K., 108
 Nakano, T., 63
Naniwa-Bushi, 205
 Nara Era, 23
 Narasaki, T., 183
 "Nihon Seishin," 38
 "Nihon-Shiki," 22
 Nishihara Loans, 226
 Nobunaga, 26

 OIL, (c) 260, (J) 143
 Okada Cabinet, 54, 117
 Okubo, T., 38, 41, 46
 Okuma, Baron, 48, 54, 108,
 110-11, 120, 127
 Open Door Policy, 299, 304, 319
 Opium smoking, 281
 Opium War, 21
 Orchard, J. E., 45, 142
 Ouigours, 31
 Overseas Affairs, Ministry of,
 96-7
 Ozaki, Y., 110-11

 PARKER, E. H., 32
 Perry, Commodore, 30, 323
 Police Peace Preservation Law, (J)
 60, 118
 Privy Council, (J) 48, 55, 62

 QUIGLEY, H. S., 64, 70

 RAJCHMAN REPORT, 298
 Red Army, (c) 245, 278
 Rheinhardt, Professor, 175
 Rice Riots, 160, 179
 Russia (Czarist), 300, 306 ff.
 Russo-Japanese War, 80, 95, 298,
 308, 319

 SAGHALIN, 13, 95, 98, 307-8
 Saigo, T., 38, 46
 Saionji, Prince, 54, 57, 119
 Saito, Admiral Viscount, 117
 Samurai, 31, 39, 87
 Sanjo, S., 38
San Min Chu I, 229, 237, 273
 Sansom, G. B., 29
 Satsuma clan, 38, 106
Seiyuhonto, 114, 120
Seiyukai, 57, 75, 79, 91, 111 ff., 119,
 120
 Sericulture, (c) 255, (J) 140-1
 Shibusawa, Baron, 178
 Shidehara, Baron, 116, 209, 301-2
 Shimada, Mr., 108, 110
Shinto, 29, 38
 Shotoku Taishi, 22, 53
 Siberia, 13, 218, 306
 Sino-Japanese War, 21, 80, 95,
 136, 247, 324
Sonin, 128
 Soong, T. V., 278, 294
 South Manchurian Railway, 95,
 99, 103, 248
 Soyejima, T., 38
 Strikes, Hongkong Seamen's, 273 ;
 Mitsubishi and Kawasaki Dock-
 yards, 180 ; Szechwan Students,
 223
 Sun Yat-sen, 225 ff., 252, 273, 278,
 287, 335
 Suzuki, B., 179

 TAIKA, GREAT REFORM, 23, 53
 Takahashi, Mr., 57, 119, 123
 Tanaka, Baron, 56, 114, 119, 123,
 302
 T'ang Shao-Yi, 223
 Ta Tung, 285-6

- Tawney, R. H., 256
 Terauchi, Marshal, 46, 113
 Textiles, (c) 254, 257, (j) 134 ff.
 Thomas, E. D., 29
 Tokugawa, 26-7, 37
 Tokusei Edict, 26
 Tosa clan, 38, 42
 Townsend, Mr., 281
 Trade unions, (j) 110, 175-6; Seamen's (j) 115, 149, 182 ff., 198; Red (c) 245, (j) 187
 Treaties, Kellogg, 64, 115, 327; London Naval, 57, 64, 116; Nanking, 21, 247; Nerchinsk, 32, 306; Nine-Power, 248, 301, 304; Paris, 240; Peking, 33, 307; Portsmouth, 96, 98; Shimonoseki, 95, 221; Washington, 248, 321
 Twenty-One Demands, 56, 226, 299, 301
 Tunguses, 31
 T'zu Hsi, Empress Dowager, 221-2
 UEDA, PROFESSOR T., 171
 Uehara, General, 56
 Ugaki, General, 116, 121
 U.S.S.R., 33, 172, 218, 309 ff. 320, 328
 U.S.A., 172, 223, 249, 304, 316 320, 322 ff.
 Uyesugi, Professor, 63
 WAGES, COMPARATIVE, 276
 Wang Tao, 246
 Wakatsuki, Baron, 57, 114, 116, 120
 Wotinsky, M., 278
 YAMAGATA, PRINCE, 48, 54, 57, 101-11, 128
 Yamamoto, Admiral, 54, 56
 Yamamoto, Baron, 56
 Yangtse valley, 20, 247, 299, 307, 319, 320
 Yoritomo, 24
 Yuaikai, 178-9
 Yuan Shih-K'ai, 223 ff., 325

